

**County of San Luis Obispo, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014**

**Prepared under the direction of James P. Erb, CPA,
Auditor-Controller-Treasurer-Tax Collector**



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO
AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR
1055 MONTEREY ST, RM. D290
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JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector
James W. Hamilton, CPA
Assistant

December 16, 2014

Honorable Board of Supervisors
County of San Luis Obispo
1055 Monterey Street, Suite D430
San Luis Obispo, California 93408

Your Honorable Board:

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2014, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with generally accepted accounting principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the County of San Luis Obispo. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of San Luis Obispo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of San Luis Obispo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of San Luis Obispo's comprehensive framework of internal controls has been designed to provide a reasonable rather than an absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County of San Luis Obispo's financial statements have been audited by Gallina LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County of San Luis Obispo for the fiscal year ended June 30, 2014, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the

accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County of San Luis Obispo's financial statements for the fiscal year ended June 30, 2014, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County of San Luis Obispo was part of a broader, federally mandated "Single Audit" designed to meet the requirements imposed by federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of San Luis Obispo's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and the two should be read in conjunction with each other. The County of San Luis Obispo's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County of San Luis Obispo currently occupies a land area of 3,616 square miles and serves a population of 276,443 residents. Approximately 44% of the population resides in the unincorporated area. The seven incorporated cities in the county are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo.

A five-member County Board of Supervisors is the legislative authority and governance for the County. Each supervisor is elected to a four-year term in nonpartisan districts. The terms are staggered with two supervisors being elected then three supervisors being elected in alternating election years. The Board is responsible among other things for establishing ordinances, adopting the budget, appointing committees, and hiring the County Administrator and non-elected department heads. The County Administrator is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the County. The County has five elected department heads responsible for the offices of the County Clerk-Recorder, Assessor, Auditor – Controller – Treasurer - Tax Collector - Public Administrator, District Attorney, and Sheriff-Coroner.

The County of San Luis Obispo provides a full range of services, including public safety and fire protection; construction and maintenance of highways, streets, and other infrastructure; health and social programs that promote the well-being of the community; and recreational activities and cultural events.

The annual budget serves as the foundation for the County of San Luis Obispo's financial planning and control. The County Budget Act, as presented in California Government Code sections 29000 and 30200, provides the general provisions and requirements for preparing and approving the County budget. All County departments are required to submit budget requests to the County Administrator. The budgets are then reviewed by the County Administrator and compiled into a proposed budget with a County Administrator's recommendation. Public hearings are set in the month of June, with the Board of Supervisors adopting the final budget before the start of the next fiscal year. The proposed budget is prepared by fund, function (e.g., public safety), and department or division (e.g., Sheriff). During the year, department heads may make transfers of appropriations within a division with the approval of the County Administrator and Auditor-Controller-Treasurer-Tax Collector-Public Administrator. Transfers of appropriations between departments or increases in the budget from new revenue sources, reserves and/or contingencies require Board of Supervisors' approval. Monthly estimates for both revenues and expenditures are used to assist departments with budgetary control, and quarterly reports are submitted by each department to the County Administrator and the Board on the status of their budgets.

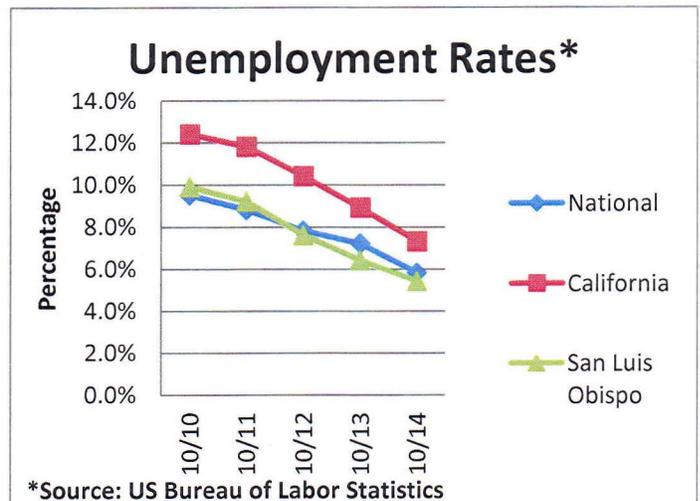
Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund this comparison is presented as part of the required supplementary information immediately following the notes to the financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of the statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of San Luis Obispo operates.

Employment:

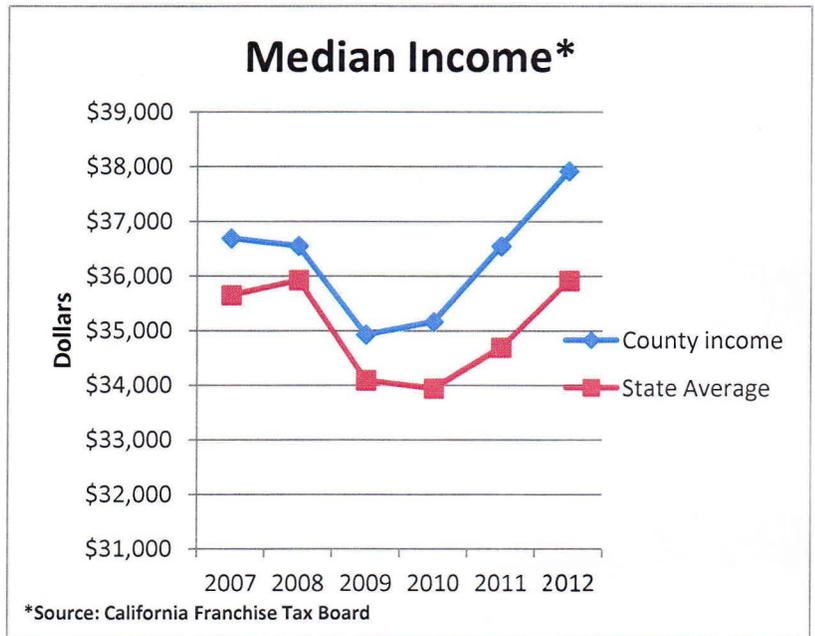
- Unemployment in the county as of October 30, 2014 was 5.4%, which is lower than the state rate of 7.3% and lower than the national average of 5.8%. Last year at this time unemployment in the county was 6.4%.



- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, CalTrans, and California Polytechnic State University, making the State the largest employer in the county. The decrease in the county's unemployment has closely followed the decreasing trend in state unemployment over the past several years.

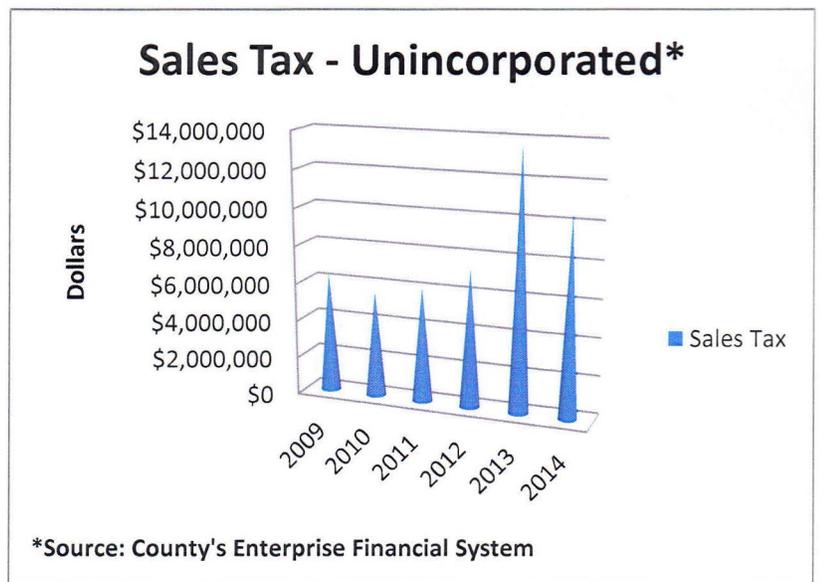
Income:

- Family average income of \$37,910, as reported to the Franchise Tax Board, increased 3.8% from 2011 to 2012 (most recent data) for the residents of the County of San Luis Obispo.
- The San Luis Obispo 2012 average family income of \$37,910 was approximately 5.6% higher than the State average. San Luis Obispo County ranked 14th out of 58 counties when comparing annual income; in 2011 we were ranked 15th.



Retail Sales:

- Retail sales for the County of San Luis Obispo as a whole increased by 25.1% from 2011 to 2012 according to the State Board of Equalization.
- From June 2013 to June 2014 sales tax revenue decreased by 17.5%. The decrease was caused by a spike in sales tax revenue in the prior year due to the construction of a new solar farm in the Carissa Plains.



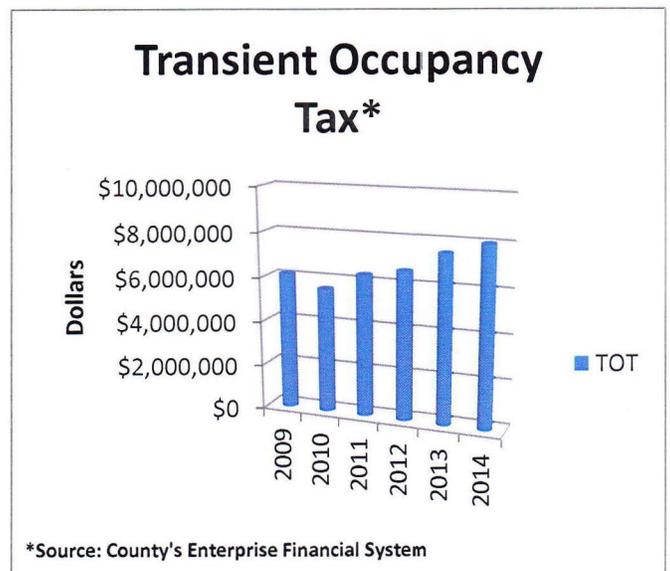
Real Estate:

People's desire to live in the area kept the median home price at \$430,000 as of September 2014. This is an increase 2.4% from the same period in the prior year. Increase of the median home price demonstrates that the local real estate market is continuing to rebound.

- Property tax revenue indicators illustrate the continuing recovery of the local economy. Discretionary property tax receipts were \$101 million, an increase of 4.6% over the prior year.
- The total tax levy of secured property of \$421,139,733 for FY 2013-14 is an increase of 3.9% from the previous year.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The unincorporated area of the county saw an increase of 3.1% during 2013-14. This is the fourth straight year of increases which indicates that the housing market is recovering.
- The property tax delinquency rate has steadily decreased since 2008-2009 suggesting that foreclosures are slowing down, and family income is remaining stable.
- Building permits showed an increase of 26.7% from 2013 to 2014, which also indicates a strengthening housing market.

Tourism:

- Transient occupancy tax increased in 2014 by 6.68% in the unincorporated area. The pristine coastline, small town atmospheres, sweeping vineyards, excellent restaurants, and friendly attitudes of the local residents make San Luis Obispo County a desired tourist destination.
- The county's seat, the city of San Luis Obispo city was declared by moveto.com to be the Friendliest Small City in America. From surfing to wine tasting to zip lining, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike.



Long-term financial planning:

- The 2014-15 fiscal year budget was developed as the final year in a seven year plan to address major changes in the overall financial status of the County. Property tax revenue has continued to increase and key economic indicators such as transient occupancy, property and sales taxes show signs of improvement allowing for a slight increase in the FY 2014-15 spending level. The final 2013-14 budget authorized a \$545.6 million spending level, which is an increase over the \$505.4 million budget from the FY 2012-13. The general fund had \$439.8 million appropriated to finance the current year's expenditures including contingencies, with \$9 million placed in general reserves and \$24.9 million earmarked for designations.
- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those Capital Project appropriations to be made through the adoption of the County's annual budget. The FY 2013-14 capital budget recommended funding for seven new capital projects. Total 2013-14 appropriations for Capital Projects are approximately \$5.3 million. Many of the existing projects will be completed over multiple years.

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Ongoing Budget Administration:** The County Administrator shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify projected variances along with recommendations and proposed corrective actions.
- **Budget Priorities:** The budget is an effort to allocate resources in an effective and efficient manner in order to achieve the County's vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.
- **Use of "One-Time" Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that

ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.

- **Adopt a Formal Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Pension Cost:** Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 funding split between the County and the employees.

Major Initiatives

- **Los Osos Sewer Project:** In FY 2013-14 this high profile project was well underway with the pipeline installation nearly complete, and the Public Works Department has begun to give tours of the Water Recycling Facility construction site. This project is a requirement of the State to protect the local ground water tables which risk infusion from the numerous residential septic systems in the community of Los Osos.
- **Women's Jail Expansion Project:** The construction phase of the Women's Jail Expansion Project began in FY 2013-14 and the women's housing unit and security system are scheduled to be completed in December 2015. The medical/programming facility is scheduled for completion in October 2016. The Sheriff's Department is currently housing approximately 108 women in a facility that was designed for 43 female inmates. When completed the expanded Women's Jail will house up to 198 inmates.
- **Transition Public Health Clients:** The County continues to collaborate with local stakeholders to transition enrolled County Medical Services Program clients and other uninsured individuals into the expanded Medi-Cal program or into the new State Health Insurance Exchange. Monthly meetings of the Affordable Care Act (ACA) Planning Group of local health care stakeholders are held to coordinate planning efforts for implementation of state and federal health care reforms.
- **Veterans Services:** The County's Veterans Services Office helped to get AB101 passed through the state legislature providing an additional \$2.6 million dollars to County Veterans Service Offices (CVSOs) around the state to better reach

veterans in the community. This was the first increase in funding to CVSOs since 1998.

- **District Attorney:** In order to effectively prosecute more than 18,000 criminal cases per year, the County's District Attorney's Office has implemented a new case management system designed to manage and keep necessary and statutorily required records. It is a complex case management system that must also collaboratively integrate with the Sheriff, the Probation Department, the Court and other criminal justice partners.
- **Probation Collections Case Management:** The County's Probation Department contracted for the new case management system and, and it is expected to increase efficiency and revenue recovery.
- **Property Tax System:** The County's mainframe Property Tax system continues undergoing a platform change to a more usable and flexible server platform. This restructuring will reduce annual information technology maintenance cost and is part of the County's master plan of moving off of the mainframe.

Awards and Acknowledgments

Awards:

- The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-eight consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

- The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the staff of the Auditor-Controller-Treasurer-Tax Collector-Public Administrator's Office. We would like to acknowledge the special efforts of our Enterprise Financial System Operations Division and our independent auditors, Gallina LLP, for their assistance in the report preparation. We would also like to express our appreciation to all County departments who assisted in this process and to the

Board of Supervisors for its leadership responsibility and unfailing support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J. P. Erb', with a stylized flourish at the end.

James P. Erb, CPA
Auditor-Controller-Treasurer-Tax Collector

A handwritten signature in blue ink, appearing to read 'Dan P. Buckshi', with a stylized flourish at the end.

Dan Buckshi
County Administrative Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of San Luis Obispo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2014

Elected Officials

Board of Supervisors

District #1 Frank R. Mecham
District #2 *Chairperson*..... Bruce S. Gibson
District #3 Adam Hill
District #4 Caren Ray
District #5 Debbie Arnold

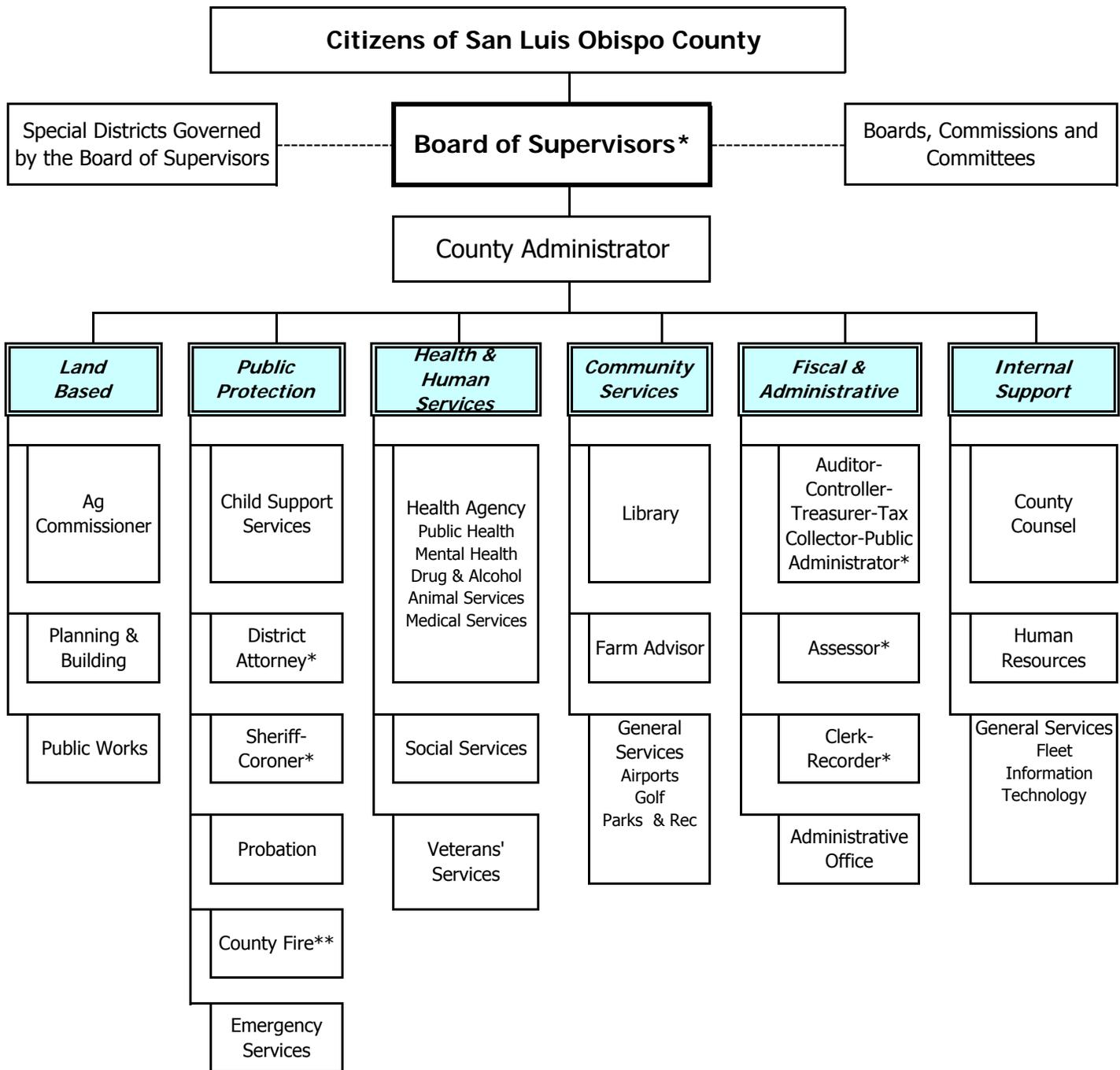
Other Elected Officials

Assessor Tom J. Bordonaro Jr.
Auditor-Controller-Treasurer-Tax Collector-Public Administrator James P. Erb
Clerk-Recorder Julie L. Rodewald
District Attorney Gerald T. Shea
Sheriff-Coroner Ian Parkinson

Appointed Officials

Agricultural Commissioner Martin Settevendemie
Chief Probation Officer James Salio
Child Support Services Director..... Phil Lowe
County Administrator Dan Buckshi
County Counsel Rita L. Neal
County Fire Robert Lewin
Behavioral Health Administrator..... Anne Robin
General Services Agency Director Janette Pell
Farm Advisor Mary Bianchi
Health Agency Director Jeff Hamm
Human Resources Director Tami Douglas-Schatz
Library Director Christopher Barnickel
Planning..... James Bergman
Public Health Officer Penny Borenstein
Public Works Director Paavo Ogren
Social Services Director Lee Collins
Veteran's Services Director Dana Cummings

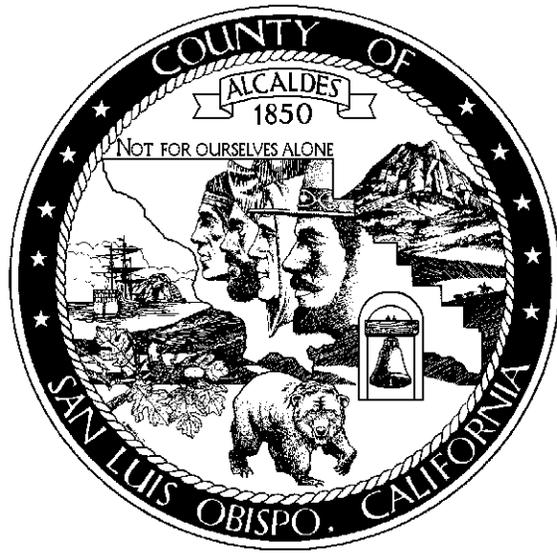
County of San Luis Obispo Organizational Chart



* Elected Officials

**Contract

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Luis Obispo Pension Trust Fund and the First 5 San Luis Obispo County, a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the San Luis Obispo County Pension Trust and the First 5 San Luis Obispo County, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for both the defined benefit retirement plan and the other post employment benefits (OPEB) plan and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
December 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

As management of the County of San Luis Obispo, (the County), we offer readers the County's financial statements, this narrative overview, and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 39. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (in thousands)

In FY 2013-14 the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources certain items that were previously reported as assets and liabilities. Additionally, the Standard requires that debt issuance amounts be expensed as incurred. Accordingly, the County expensed the remaining balances of amortized debt issuance costs creating a decrease of \$4,574 in net position.

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,767,738 (*net position*). Of this amount \$423,210 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors, \$43,109 is restricted for specific purposes (*restricted net position*), and \$1,301,419 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net position increased by \$105,123 during the current fiscal year. The increase in restricted and unrestricted net position represents the degree to which increases in ongoing revenues exceeded increases in ongoing expenses (Table B). The increase in capital assets net of related debt represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt. (Table A)
- ❖ As of June 30, 2014 the County's governmental activities reported combined ending net position of \$1,481,156, an increase of \$44,112 in comparison with the prior year. Approximately 24% of the combined fund balances, or \$423,210 is available for spending at the County's discretion for current and future needs (*unrestricted net position*). (Table A)
- ❖ Business-type activities posted net program income of \$57,936 before general revenues, contributions and transfers from other funds, an increase of \$24,132 when compared to net program income of \$33,804 in the prior year. The difference from the prior year is primarily due to an increase of \$21,790 of contributed capital in the Los Osos Wastewater fund related to escalated construction activity.
- ❖ At the end of the fiscal year, the entire \$239,181 fund balance of the general fund was either nonspendable (\$779), restricted (\$3,214), committed (\$116,940) or assigned (\$118,248).
- ❖ The County issued new Assessment bonds of \$38,199 to the USDA to finance costs of the Los Osos Wastewater project, an increase of \$14,026 over prior year issuances required by an increase in construction activities in the current fiscal year. Additional bonds will be issued as future project expenditures occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *Government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation balances).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the County include public protection, public ways and facilities, health and sanitation, public assistance, education, recreational and cultural services and general government. The main business-type activities of the County include the airport, golf courses, flood control districts, the Nacimiento water project, the Los Osos wastewater project and county services areas.

Blended component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. They include county service areas, flood control districts, waterworks districts, lighting maintenance districts, and the San Luis Obispo County Public Facilities Corporation and San Luis Obispo County Financing Authority.

The County discretely presents the First 5 San Luis Obispo County component unit. The mission of First 5 is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 does not meet the requirements for blending, and therefore its financial activities are presented separately from the County.

The government-wide financial statements can be found on pages 39 to 43 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-four individual governmental funds organized according to their type: *general, special revenue, debt service, and capital projects*. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the remaining twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements found in the other supplementary information section of this report.

A budgetary comparison statement has been provided for the general fund and any major special revenue funds to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the non-major governmental funds is provided in the other supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 45 to 50 of this report.

Proprietary funds – The County maintains two different types of proprietary funds, *enterprise* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses *enterprise funds* to account for the airport, golf course, transit districts, flood control districts, waterworks districts and county service areas. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its vehicle operations and maintenance, public works services, Other Post Employment Benefits, and self-insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the *government-wide financial statements*, only in more detail. The Airport, Nacimiento Water Contract, Lopez Flood Control, and Los Osos Wastewater funds are considered to be major funds of the County and are presented separately in the *proprietary fund financial statements*. All other enterprise funds have been combined into a single column for presentation. The seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service and enterprise funds is provided in the form of *combining statements* found in the other supplementary section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The basic proprietary fund financial statements can be found on pages 51 to 53 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 54 to 55 of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 57 to 94 of this report.

Required Supplementary Information – The statements are followed by a section of *required supplementary information* (RSI) that further explains and supports the information in the financial statements.

The required supplementary information can be found on pages 95 to 101 of this report.

Other Supplementary Information – In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain *other supplementary information* concerning the County's general fund and special revenue funds budgetary schedules and combining and individual fund statements.

Combining and individual fund statements and schedules – The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105 to 120 and 141 to 165 of this report.

Budgetary comparison schedules – The budgetary comparison schedules (other than the General Fund which is presented with the individual General Fund statements) for the Capital Projects, Pension Obligation Bond, Public Financing Corporation, Public Financing Authority, and non-major Special Revenue funds can be found on pages 121 to 140 of this report.

Detail Budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented with the individual General Fund statements on pages 167 to 176 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In accordance with changes in governmental accounting standards, the County applied Governmental Accounting Standards Board (GASB) Statement No. 34 to these financial statements.

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,767,738 as detailed in the table below:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table A
Statement of Net Position
June 30, 2014
(in thousands)

	June 30, 2014			June 30, 2013			2013-2014
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 423,654	\$ 165,254	\$ 588,908	\$ 382,639	\$ 167,426	\$ 550,065	7.1%
Other long-term assets	139,107	10,665	149,772	140,715	14,094	154,809	(3.3%)
Capital assets	<u>1,136,448</u>	<u>502,769</u>	<u>1,639,217</u>	<u>1,128,549</u>	<u>448,918</u>	<u>1,577,467</u>	3.9%
Total assets	<u>1,699,209</u>	<u>678,688</u>	<u>2,377,897</u>	<u>1,651,903</u>	<u>630,438</u>	<u>2,282,341</u>	4.2%
Liabilities:							
Long-term liabilities	158,203	337,903	496,106	164,520	292,697	457,217	8.5%
Other liabilities	<u>59,850</u>	<u>54,203</u>	<u>114,053</u>	<u>50,339</u>	<u>112,170</u>	<u>162,509</u>	(29.8%)
Total liabilities	<u>218,053</u>	<u>392,106</u>	<u>610,159</u>	<u>214,859</u>	<u>404,867</u>	<u>619,726</u>	(1.5%)
Net position:							
Net investment in capital assets	1,112,934	188,485	1,301,419	1,103,924	167,138	1,271,062	2.4%
Restricted	43,109	-	43,109	28,863	-	28,863	49.4%
Unrestricted	<u>325,113</u>	<u>98,097</u>	<u>423,210</u>	<u>304,257</u>	<u>58,433</u>	<u>362,690</u>	16.7%
Total net position	\$ <u>1,481,156</u>	\$ <u>286,582</u>	\$ <u>1,767,738</u>	\$ <u>1,437,044</u>	\$ <u>225,571</u>	\$ <u>1,662,615</u>	6.3%

Analysis of Net Position

Approximately 24% or \$423,210 of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

The most significant portion of the County's net position, \$1,301,419 or 74%, reflects its investment in capital assets net of accumulated depreciation (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of the County's net position of \$43,109, or 2%, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive balances in all three categories of net position, both for the County as a whole, as well as for its separate governmental activities and business-type activities. Net position for governmental activities increased \$44,112 and net position for business activities increased \$61,011 resulting in an overall increase of \$105,123 in the County's total net position.

Invested in capital assets, net related debt for business type activities increased \$21,347. This increase is primarily due to construction activity in the Los Osos Wastewater fund that does not have related debt. The remainder is comprised of reductions to capital related debt from scheduled debt service principal payments and construction in progress in various nonmajor enterprise activities.

Invested in capital assets, net related debt for governmental activities increased \$9,010. The majority of the increase is associated with construction in progress for several large infrastructure projects having no related debt, and the retirement of capital related long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

There was an increase of \$60,520 in *unrestricted* net position reported in connection with the Total Primary Government. This category represents net position of the County which is not subject to constraints imposed by creditors, grantors, contributors, laws or regulations. This amount may be used to meet the County's general obligations. The increase was due to excess general revenues over net program revenues and a decrease in amounts restricted for commitments to creditors.

The table on the next page indicates the changes in net position for governmental and business-type activities:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table B
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

	June 30, 2014			June 30, 2013			2013-2014
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 56,969	\$ 37,611	\$ 94,580	\$ 54,526	\$ 36,933	\$ 91,459	3.4%
Operating grants and contributions	216,259	163	216,422	209,118	193	209,311	3.4%
Capital grants and contributions	9,236	59,279	68,515	3,537	36,583	40,120	70.8%
General revenues:							
Property taxes	152,256	4,402	156,658	143,182	4,145	147,327	6.3%
Other taxes	22,088	32	22,120	23,940	29	23,969	(7.7%)
Interest and investment income	599	595	1,194	733	385	1,118	6.8%
Grants not restricted to specific programs	1,727	-	1,727	3,537	-	3,537	(51.2%)
Other revenues	-	40	40	4	160	164	(75.6%)
Total revenues	459,134	102,122	561,256	438,577	78,428	517,005	8.6%
Expenses:							
General government	36,866	-	36,866	34,507	-	34,507	6.8%
Public protection	148,135	-	148,135	142,353	-	142,353	4.1%
Public ways and facilities	28,253	-	28,253	28,474	-	28,474	(0.8%)
Health sanitation	74,313	-	74,313	69,222	-	69,222	7.4%
Public assistance	99,449	-	99,449	97,929	-	97,929	1.6%
Education	9,611	-	9,611	9,922	-	9,922	(3.1%)
Recreational and cultural services	7,745	-	7,745	9,735	-	9,735	(20.4%)
Interest on Long-term debt	5,270	-	5,270	6,041	-	6,041	(12.8%)
Airport	-	5,664	5,664	-	5,435	5,435	4.2%
Golf	-	2,608	2,608	-	2,779	2,779	(6.2%)
State water contract	-	5,992	5,992	-	5,536	5,536	8.2%
Nacimiento Water Contract	-	13,840	13,840	-	14,738	14,738	(6.1%)
Lopez dam	-	6,116	6,116	-	6,548	6,548	(6.6%)
General Flood Control	-	809	809	-	746	746	8.4%
County Service Areas	-	3,857	3,857	-	3,779	3,779	2.1%
Los Osos Wastewater	-	231	231	-	344	344	(32.8%)
Total expenses	409,642	39,117	448,759	398,183	39,905	438,088	2.4%
Excess/(deficiency) before transfers	49,492	63,005	112,497	40,394	38,523	78,917	42.6%
Transfers	(790)	790	-	(166)	166	-	-
Special Item	(2,800)	-	(2,800)	-	-	-	100.0%
Change in net position	45,902	63,795	109,697	40,228	38,689	78,917	39.0%
Net position at beginning of year	1,437,044	225,571	1,662,615	1,396,816	186,882	1,583,698	5.0%
Cumulative effect of change in accounting principle	(1,790)	(2,784)	(4,574)	-	-	-	-
Net position -end of year	\$ 1,481,156	\$ 286,582	\$ 1,767,738	\$ 1,437,044	\$ 225,571	\$ 1,662,615	6.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities increased San Luis Obispo County's net position by \$44,112 (including the cumulative change of effect in accounting principle) compared to an increase of \$40,228 in the prior year. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities grew by 4.0% with a net increase of \$17.8 million from the prior year. Program Revenues overall were essentially unchanged; however, increases occurred in *Operating Grants and Contributions* and *Capital Grants and Contributions*.

The *Operating Grants and Contributions* category rose primarily due to a number of small increases in the Public Protection, Health and Sanitation, and Public Assistance functions. The Public Protection function increased both due to a new grant from the State Department of Water Resources for Integrated Regional Water Management and due to increased sales tax funding from Proposition 172. In the Health and Sanitation function, Public Health and Mental Health saw increases in state aid which were partially offset by a decrease in state Mental Health Services Act funding. Drug and Alcohol Services received additional federal funding for discretionary, prevention and youth services, and there was an increase in federal community development block grant funds as well. The increase in the Public Assistance function was a combination of a decrease in County Medical Services Program funding, a result of shifts to Medi-Cal reimbursed services under the Health Care Affordability Act, and an increase in Cal Works assistance.

Capital Grants and Contributions increased by \$5.7 million primarily due to increased State funding of the Women's Jail project. The La Panza Road widening project in Creston and the Santa Rosa Creek Bridge project in Cambria also had increased capital grants and contributions in the current year.

Property Taxes increased by \$9.1 million over the prior year reflecting an increase in property values as the economy begins to recover. The *Other Taxes* category decrease of \$1.8 million was mostly caused by an 18% drop in sales and use tax from the prior fiscal year.

Transfers from Governmental to Business-type activities increased by \$624 thousand primarily due to the transfer of grant related monies from the Flood Control District to the Los Osos Wastewater fund.

Total expenses from Governmental Activities increased \$11.5 million over the prior year. Within Governmental Activities, the Health and Sanitation function had the most significant increase (7.4%) The majority of the Health and Sanitation increase was caused by increased Community Development activity including the First Time Homebuyer program. Behavioral Health salaries, residential services, and supportive services also increased in the current fiscal year. General Government (6.8%) and Public Protection (4.1%) also showed increases, but the overall Governmental Activities increases were slightly reduced by a 20.4% decrease in the Recreational and Cultural Services function. The increase in General Government functional expenses was caused by a \$2.8 million dollar payment to the Los Osos Community Services District in connection with the resolution of the District's bankruptcy, (see footnote 20 for further detail). The increase in expenses for the Public Protection function was comprised of increased labor costs for the Sheriff-Coroner and Probation departments related to the increase in caseloads caused by AB109 prison realignment as well as increased law enforcement coverage for the California Valley. The distribution of Integrated Regional Water Management grant monies also contributed to the increase in Public Protection expenses. The 20.4% decrease in the Recreational and Cultural Services function was due to a prior year spike caused by the loss on the retirement of Parks capital assets.

The County has remained committed to a seven-year plan enacted in FY 2007-08 to navigate through national and local fiscal challenges and address a consequential structural budget gap. The plan includes a combination of short-term measures and expenditure reductions, with expenditure reductions addressing a larger share of the gap as the plan progresses. Expenditure measures have included reducing department budgets, maintaining a partial hiring freeze, and progressing labor negotiations including pension cost sharing, reduced benefit pension plans (Tier 2 and Tier 3) for new employees; and an updated approach to setting salaries by using a broader labor market for equitable compensation comparisons. As a result, the budget gap has been eliminated from a peak of \$30 million in FY 2009-10.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

Business-type Activities increased San Luis Obispo County's net position by \$61.0 million (including the cumulative change of effect in accounting principle) compared to an increase of \$38.7 million in the previous year. Revenues exceeded expenses by \$63 million, and a transfer of \$790 thousand from Governmental Activities resulted in the total increase to net position. Key elements of current year activity are as follows:

Total revenue increased \$23.7 million from the preceding year. The largest increase occurred in *Capital Grants and Contributions* (\$22.7 million) due to escalated construction activity for the Los Osos Wastewater Project.

The biggest increases in General Revenues for Business-type activities took place in *Property Tax* revenue which rose by \$257 thousand and Interest and Investment Income which increased by \$210 thousand.

Expenses for Business-type Activities decreased \$788 thousand from the prior year. Within Business-type activities, the largest decrease in expenses, \$898 thousand, was primarily due to prior year increased activity in debt issuance, interest and arbitrage costs in the Nacimiento Water Contract fund. The decrease in expenses was offset slightly by an increase in State Water Contract professional and special services.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total fund balance consists of the following components (see footnote 11 for additional detail):

- *Nonspendable fund balance*, \$779, represents amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and includes (1) inventories of \$98 (2) prepaid items of \$348 and (3) long term receivables of \$333.
- *Restricted fund balance*, \$23,378, represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. This balance includes amounts restricted for (1) Tax loss reserves of \$3,214 (2) Public facilities of \$11,009, (3) Traffic impact programs of \$6,871, (4) Wildlife and grazing programs of \$18 and (5) Debt service of \$2,266.
- *Committed fund balance*, \$191,180, represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Flood control programs, \$19,512, (2) Tax reduction reserve, \$37,289, (3) Automation projects, \$12,807 (4) Building Replacement \$19,424 (5) Solar plant mitigation, \$11,851, and (6) Capital projects, \$22,385.
- *Assigned fund balance*, \$118,248, represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) Behavioral Health programs, \$12,576, (2) Tax reduction reserve, \$22,187, (3) General government, \$13,139, (4) Foster Care/Adoption programs, \$8,517 and (5) Subsequent Fiscal Year Budget, \$36,851.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$335,585 an increase of 14.0%, or \$41,076 in comparison with the prior year. Approximately 93% of the total fund balance, or \$309,428, is available to meet the County's current and future needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund

The general fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance of the general fund was \$238,402 while total fund balance reached \$239,181. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures of \$353.4 million. Spendable fund balance represents 67.5% of the total fund expenditures, while total fund balance represents 67.7% of the same amount, an 8.9% increase from the prior year. During the current fiscal year, the fund balance of the general fund increased by \$31.5 million.

The following provides an explanation for the change in fund balance.

- ❖ Total revenues exceeded total expenditures by \$56.4 million. General fund revenues ended the year with an increase of \$12.4 million over the prior year. Total expenditures increased \$7.0 million.
- ❖ Most revenue categories were essentially unchanged from the prior year with the exception of *Aid from Governmental Agencies* and *Taxes* which increased by \$9.9 million and \$5.7 million respectively and *Fines, Forfeits, and Penalties* which decreased by \$3.3 million. The \$9.9 million increase in *Aid from Governmental Agencies* was driven by increases in state funding for Social Services including CalWorks and Medi-Cal, as well as increased state realignment revenue for Mental Health services. The *Taxes* increase is primarily due to increased secured property tax revenue. *Fines, Forfeits, and Penalties* decreased primarily because in the prior year the County had received settlement money from a contractor; however, in the current year revenue from traffic school fees, county motor vehicle crime fines, and administrative penalties for violations of hazardous waste requirements also decreased.
- ❖ Total expenditures in the General Fund increased \$7.0 million (2.0%) from the prior year. Expenditures were down or relatively flat for all functions except for the Public Protection, Health and Sanitation, and Public Assistance functions each of which experienced a slight increase over the prior year. The increase in the Public Protection functions was driven by increased Sheriff-Coroner labor costs primarily related to AB109 prison realignment staffing. Health and Sanitation function increases were mainly due to increased residential services, and supportive services for Behavioral Health. The increase in the Public Assistance function is reflective of increased labor costs in Social Services.

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund had a total fund balance of \$25.7 million. Capital outlay expenditures exceeded revenues by \$2.5 million and transfers in exceeded transfers out by \$3.2 million. The net of these two factors resulted in a \$616 thousand increase in fund balance for the current year. Funding for specific projects comes from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The general fund transferred \$2.9 million to the Capital Projects Fund of which \$2.2 million is for the women's jail project. The remaining \$0.7 million is primarily for the Juvenile Services Hall project. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under Governmental Activities.

Governmental Fund Revenues

Revenues for all governmental funds combined totaled \$480.7 million in the current fiscal year, which represents an increase of approximately 6.5% or \$29.3 million from the prior fiscal year revenues of \$451.4 million.

The following table presents the amount of revenues from various sources and also displays increases or decreases from the prior year.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2014
(in thousands)

	2013-2014		2012-2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 177,765	37.0%	\$ 171,771	38.1%	\$ 5,994	3.5%
Licenses, Permits, Franchises	10,694	2.2%	9,247	2.0%	1,447	15.6%
Fines, Forfeits, and Penalties	5,257	1.0%	6,654	1.5%	(1,397)	(21.0%)
Revenues from Use of Money and Property	1,373	0.3%	1,475	0.3%	(102)	(6.9%)
Aid from Governmental Agencies	229,283	47.7%	209,234	46.4%	20,049	9.6%
Charges for Current Services	50,071	10.5%	41,690	9.2%	8,381	20.1%
Other Revenues	6,235	1.3%	11,342	2.5%	(5,107)	(45.0%)
Total	\$ 480,678	100%	\$ 451,413	100%	\$ 29,265	6.5%

The following provides an explanation of revenues by source that changed significantly over the prior year in the governmental funds.

- ❖ *Taxes* increased \$6.0 million or 3.5%. Revenue from Current Property Taxes and Transient Occupancy Taxes increased for the fourth consecutive year. Property Tax in Lieu – Sales and Use Tax and Property Tax in Lieu – Vehicle License Fees both increased, but a decrease in Sales and Use Tax due to the completion of the new solar farm in the Carissa Plains offset the increases by \$2.5 million.
- ❖ *Licenses, Permits, and Franchises* revenue increased \$1.5 million or 15.6%. Increased construction permitting activity accounted for the majority of the increase; however, franchise fee and animal licenses revenue also increased over the prior year.
- ❖ *Fines, Forfeits, and Penalties* decreased \$1.4 million or 21.0%. The most significant factor relates to a prior year receipt of a settlement from a contractor; however, in the current year revenue from traffic school fees and county motor vehicle crime fines, and administrative penalties for violations of hazardous waste requirements also decreased.
- ❖ *Aid from Governmental Agencies* increased \$20.0 million or 9.6%. Approximately half of the increase relates to state funding for Social Services including CalWorks and Medi-Cal, as well as increased state realignment revenue for Mental Health services. Additionally, State Highway Users Tax funding was increased, and the County received a grant from the State Department of Water Resources for Integrated Regional Water Management.
- ❖ *Charges for Current Services* increased \$8.4 million or 20.1%. The increase is due to increased revenue activity across functions. The largest factor contributing to the increase was a prior year issuance of \$1.8 million in refunds of SB2557 property tax administrative fees previously charged to cities in the County. The refunds resulted from a Supreme Court decision regarding the method of calculation of the fees. Other significant increases were a result of increased billings for Behavioral Health Services, camping fees, sanitation services fees, and water sales for resale.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

❖ *Other Revenues* decreased \$5.1 million or 45.0%. The decrease was caused by prior year receipts of \$1.7 million from a court settlement regarding a local development and prior year contributions of \$1.9 million from Friends of the Libraries for the new Atascadero and Cambria libraries. Additionally, the County received \$1.2 million less in tobacco settlement revenue in the current fiscal year. Revenue from reimbursements for foster care/adoption services, and various parks reimbursements also decreased.

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year.

Table D
Expenditures By Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2014
(in thousands)

	2013-2014		2012-2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 44,317	10.1%	\$ 44,374	10.5%	\$ (57)	(0.1%)
Public Protection	148,155	33.9%	143,832	34.1%	4,323	3.0%
Public Ways and Facilities	28,528	6.5%	34,178	8.1%	(5,650)	(16.5%)
Health and Sanitation	74,586	17.1%	70,021	16.6%	4,565	6.5%
Public Assistance	99,442	22.8%	98,059	23.2%	1,383	1.4%
Education	12,205	2.8%	9,901	2.3%	2,304	23.3%
Recreational and Cultural Services	7,993	1.8%	7,538	1.8%	455	6.0%
Principal payments	5,412	1.2%	4,065	1.0%	1,347	33.1%
Interest on Long-Term Debt	5,419	1.2%	5,863	1.4%	(444)	(7.6%)
Debt Issuance Costs	-	-	269	0.1%	(269)	(100.0%)
Capital outlay	11,312	2.6%	3,692	0.9%	7,620	206.4%
Total	\$ 437,369	100%	\$ 421,792	100%	\$ 15,577	3.7%

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- ❖ *Public Ways and Facilities* expenditures decreased \$5.7 million or 16.5%. The fluctuation is attributable primarily to decreased construction and maintenance activity in the Roads Fund including the construction phase completion of the Willow Road Interchange in Nipomo in the prior year, and the winding down of the Price Canyon Bridge project.
- ❖ *Health and Sanitation* expenditures increased \$4.6 million or 6.5%. The majority of the increase is caused by increases in Behavioral Health residential and supportive services.
- ❖ *Education* expenditures increased \$2.3 million or 23.3% due to construction costs associated with the new Atascadero and Cambria libraries.
- ❖ *Capital Outlay* expenditures increased \$7.6 million or 206.4%. The majority of the increase is due to new construction activity on the Women's Jail Project. The Atascadero Library project had significantly increased expenditures as well.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the 2013-14 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2014
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 4,527	\$ 13,685	\$ 6,123	\$ 3	\$ 13,313	\$ 37,651
Operating expenses	5,469	4,628	4,409	234	12,952	27,692
Operating income (loss)	(942)	9,057	1,714	(231)	361	9,959
Non-operating revenues (expenses), net	(68)	(7,471)	(501)	10	1,778	(6,252)
Net income (loss) before contributions and transfers	(1,010)	1,586	1,213	(221)	2,139	3,707
Contributions and transfers, net	1,736	-	-	58,143	190	60,069
Change in net position	\$ <u>726</u>	\$ <u>1,586</u>	\$ <u>1,213</u>	\$ <u>57,922</u>	\$ <u>2,329</u>	\$ <u>63,776</u>

All the enterprise funds are expected to continue to meet all ongoing cost of operations and in the long term be able to maintain sufficient reserves.

- ❖ The *Airport Fund* reported an operating loss of \$942 thousand, slightly less than the prior year loss of \$1.1 million. Net position increased by \$726 thousand compared to a decrease in net position of \$683 thousand in the prior year. For the first time since FY 2010-11 passenger enplanement activity grew with an 11% increase over the prior year.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$9.1 million and increased net position by \$1.6 million, an improvement over the prior year \$641 thousand increase in net position. The fund’s total operating revenues decreased by \$196 thousand, but the decrease was offset by a decrease in expenditures for contractors and an increase in expenditures for professional services leading to a net increase in operating income of \$219 thousand (2%).

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The *Lopez Flood Control Fund* reported \$1.7 million in operating income, an increase of \$127 thousand or 8% over the prior year. Net position increased by \$1.2 million due to increases in property taxes and water sales and decreases in maintenance and professional services expenses.
- ❖ *The Los Osos Wastewater Fund* reported an operating loss of \$231 thousand primarily due to costs associated with the Water Conservation Program. Capital contributions increased to \$57.5 million which is \$21.8 million over the prior year amount. The increase in capital contributions was the significant factor in the change in net position of \$57.9 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$27.4 million, or 33%, during the course of the year contributing towards the final amended budget. This increase was funded in part by increases in budgeted revenues of \$18.5 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$14.7 million in State and Federal Aid, \$1.0 million in Charges for Current Services, \$1.2 million in Other Revenue, \$617 thousand in Fines, Forfeits, and Penalties, \$579 thousand in Inter-fund Revenues, and \$431 thousand in Other Financing sources financed the budget augmentations. The largest budget augmentations occurred in the functional areas of Public Assistance (\$6.6 million), Public Protection (\$5.8 million), and Health and Sanitation (\$3.8 million). The increase for the Public Assistance function is comprised of \$6.1 million for Social Services including Affordable Health Care Act implementation, the CalWorks and CalFresh programs, and Workforce Investment Act programs; and \$520 thousand for Veterans' Services. Significant Public Protection function budget augmentations include \$2.8 million for the Sheriff-Coroner's programs and \$1.3 million for Planning programs. The remaining increase is due to various smaller augmentations for District Attorney, Probation, County Fire, and Emergency services. The Health and Sanitation function augmentations were primarily for Public Health services, \$1.6 million, Mental Health services, \$1.5 million, and Drug and Alcohol services, \$588 thousand. At the close of the current fiscal year, actual General Fund expenditures were 89.7% of budget, while General Fund revenues were realized at 98.4% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the County had \$1.6 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F on the following page). This amount represents a net increase (including additions and deductions) of \$62 million or 3.9% from last year.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

**Table F
Capital Assets
June 30, 2014
(in thousands)**

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2014	Business Type Activities June 30, 2013	Business Type Activities June 30, 2014	Total Capital Assets June 30, 2013	Total Capital Assets June 30, 2014	Total Percent Change
Land	\$ 789,246	\$ 794,679	\$ 32,617	\$ 32,621	\$ 821,863	\$ 827,300	0.7%
Water Rights	-	-	44,564	46,457	44,564	46,457	4.3%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	71,143	39,682	54,479	110,491	125,622	150,173	19.5%
Structures & Improvements	177,637	179,137	169,175	168,797	346,812	347,934	0.3%
Equipment	73,465	75,588	3,096	3,148	76,561	78,736	2.8%
Other Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	<u>295,829</u>	<u>341,432</u>	<u>191,153</u>	<u>193,948</u>	<u>486,982</u>	<u>535,380</u>	9.9%
Subtotal	1,407,660	1,430,858	497,606	557,984	1,905,266	1,988,842	4.4%
Less Accumulated Depreciation	<u>(279,111)</u>	<u>(294,410)</u>	<u>(48,688)</u>	<u>(55,215)</u>	<u>(327,799)</u>	<u>(349,625)</u>	6.7%
Total	\$ <u>1,128,549</u>	\$ <u>1,136,448</u>	\$ <u>448,918</u>	\$ <u>502,769</u>	\$ <u>1,577,467</u>	\$ <u>1,639,217</u>	3.9%

Major additions and future commitments in capital assets – Governmental activities

County Roads had the majority of additions in governmental activities with \$6.5 million worth of assets related to the Willow Road Interchange project in Nipomo. Other infrastructure additions during FY 2013-14 include construction on the North County Public Service Center (\$1.2 million), the new Cambria library (\$588 thousand), and the Cayucos Pier restoration project (\$476 thousand). Major on-going projects include a Women’s Jail, a new Property Tax system, and expansion of the Juvenile Hall.

Major additions and future commitments in capital assets – Business-type activities

The majority of the \$54 million in additions and \$67 million in future commitments for business-type activities relate to the \$173 million wastewater project for the community of Los Osos. The project is designed to address groundwater contamination issues caused by years of seepage from septic systems and is scheduled for completion in early 2015. In FY 2013-14, the County continued its water conservation program, implemented in FY 2012-13, with the goal of reducing indoor consumption to 50 gallons per person per day in accordance with the project’s Coastal Development Permit.

The Nacimiento Water Contract Fund recognized \$812 thousand of assets related to the transmission lines and pump stations.

More detailed information about the County's capital assets is presented in Notes 4 and 5 in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$482.0 million. In July 2003, the county issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. In 2009, the County issued the 2009 Series A Term Bonds to refund and defease the 2003 Series B Auction Rate Bonds. The balance remaining on the County's Pension Obligation Bonds at the end of FY 2013-14 was \$111.2 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits. The remainder of the County's debt consists of: \$44.5 million in certificates of participation, which are repaid from a variety of revenues; \$46.5 million in State loans and \$192.9 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$10.5 million are backed by the full faith and credit of the County. Additionally, the County is liable for \$2.1 million of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
June 30, 2014
(in thousands)

	Govern- mental Activities June 30, 2013	Govern- mental Activities June 30, 2014	Business Type Activities June 30, 2013	Business Type Activities June 30, 2014	Total June 30, 2013	Total June 30, 2014	Total Percent Change
Certificates of participation	\$ 26,892	\$ 25,785	\$ 18,412	\$ 18,716	\$ 45,304	\$ 44,501	(1.8%)
Pension Obligation Bonds	115,624	111,234	-	-	115,624	111,234	(3.8%)
State notes	-	-	34,399	46,529	34,399	46,529	35.3%
Revenue bonds	-	-	196,334	192,902	196,334	192,902	(1.8%)
General obligation bonds	-	-	10,905	10,489	10,905	10,489	(3.8%)
Assessment Bonds	-	-	39,527	76,438	39,527	76,438	93.4%
	<u>\$ 142,516</u>	<u>\$ 137,019</u>	<u>\$ 299,577</u>	<u>\$ 345,074</u>	<u>\$ 442,093</u>	<u>\$ 482,093</u>	9.1%

The increase over last year for the County's notes and bonds payable was \$40.0 million, or 9.1%. This increase is the net of new debt issuances and scheduled debt payments. During FY 2013-14, the County issued \$38.1 million in Assessment Bonds and \$13.7 million in State notes related to the Los Osos Wastewater Project.

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$538,249 million.

Additional information on the County's long-term debt can be found in Note 10 to the financial statements.

Other liabilities include compensated absences of \$26.2 million for governmental activity and \$288 thousand for business-type activities; landfill post-closure costs of \$4.2 million; and a self-insurance liability of \$18.3 million. More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The Fiscal Year 2014-15 budget reflects the final year of a seven year budget balancing plan that began in Fiscal Year 2008-09. The plan is designed to gradually close a structural budget gap by transitioning from the use of short-term solutions initially to increasing reliance on expenditure reductions so that structural balance is achieved by the end of year seven. The plan, which was used to close budget gaps ranging from a high of \$30 million in FY 2009-10 to a low of \$2 million in FY2012-13, has been successful with the FY 2014-15 budget projecting a surplus of approximately \$5.8 million.
- ❖ The small surplus allowed staff to recommend a budget that begins to restore, and in some cases increase, service levels to support the County's vision, mission, and community wide results.
- ❖ The County's unemployment rate dropped to 5.4% in October 2014, lower than both the state rate of 7.3% and the national rate of 5.8%.
- ❖ Economic indicators continue to show signs of local economic improvement from the recent economic downturn:
 - The number of building permits issued increased 26.7% from the prior year, indicating a strengthening housing market.
 - Property transfer taxes for unincorporated areas came in 3.1% higher than the preceding year reflecting an increase in the value and number of real estate transactions.
 - County assessed property tax valuations increased slightly from \$41.8 million to \$43.1 million or 3.0%.
 - Transient Occupancy Tax (bed tax) collections continued an upward trend in FY 2013-14, with an increase of 6.68% over FY 2012-13.
- ❖ The Board of Supervisors adopted the FY 2014-15 budget in June 2014, with an \$82.0 million fund balance in the general fund, of which \$36.9 million was appropriated to finance the current year's expenditures including contingencies, \$9 million was placed in general reserves, and \$24.9 million was earmarked for designations. The total General Fund budget for FY 2014-15 is \$440 million, a 6.0% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller-Treasurer-Tax Collector-Public Administrator, Post Office Box 1149, San Luis Obispo, California 93406-1149. This report is also available online at www.slocounty.ca.gov.



**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**



COUNTY OF SAN LUIS OBISPO
Statement of Net Position
June 30, 2014 (in thousands)

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 367,359	\$ 52,084	\$ 419,443	\$ 8,785
Accounts receivable, net	7,591	630	8,221	--
Property taxes receivable	12,857	--	12,857	--
Other receivables	1,117	115,014	116,131	--
Due from other governments	30,693	289	30,982	368
Deposits with others	--	171	171	4
Internal balances	3,027	(3,027)	--	--
Inventories	662	--	662	--
Prepaid items	348	43	391	3
Loans receivable	--	50	50	--
Total Current Assets	<u>423,654</u>	<u>165,254</u>	<u>588,908</u>	<u>9,160</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	2,438	10,665	13,103	--
Net pension asset	134,355	--	134,355	--
OPEB asset	2,314	--	2,314	--
Capital Assets:				
Nondepreciable	834,361	191,537	1,025,898	--
Depreciable, net	302,087	311,232	613,319	--
Total Noncurrent Assets	<u>1,275,555</u>	<u>513,434</u>	<u>1,788,989</u>	<u>--</u>
Total Assets	<u>1,699,209</u>	<u>678,688</u>	<u>2,377,897</u>	<u>9,160</u>
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	6,318	64	6,382	--
Accounts payable	14,593	14,657	29,250	589
Deposits from others	3,178	4,683	7,861	27
Accrued interest	1,678	4,766	6,444	--
Other current liabilities	573	--	573	--
Unearned revenue	5,978	22,574	28,552	--
Bonds and notes payable	6,070	7,288	13,358	--
Compensated absences	17,570	171	17,741	--
Landfill closure/postclosure costs	405	--	405	--
Self insurance payable	3,487	--	3,487	--
Total Current Liabilities	<u>59,850</u>	<u>54,203</u>	<u>114,053</u>	<u>616</u>
Long Term Liabilities:				
Bonds and notes payable	130,949	337,786	468,735	--
Compensated absences	8,616	117	8,733	--
Landfill closure/postclosure costs	3,809	--	3,809	--
Self insurance payable	14,829	--	14,829	--
Total Long-term Liabilities	<u>158,203</u>	<u>337,903</u>	<u>496,106</u>	<u>--</u>
Total Liabilities	<u>218,053</u>	<u>392,106</u>	<u>610,159</u>	<u>616</u>
NET POSITION				
Net investment in capital assets	1,112,934	188,485	1,301,419	--
Restricted for:				
General government	2,105	--	2,105	--
Public protection	11,599	--	11,599	--
Health and sanitation	160	--	160	--
Public assistance	382	--	382	--
Public ways and facilities	17,901	--	17,901	--
Recreation and culture	171	--	171	--
Education	100	--	100	--
Debt service	10,691	--	10,691	--
Unrestricted	325,113	98,097	423,210	8,544
Total Net Position	<u>\$ 1,481,156</u>	<u>\$ 286,582</u>	<u>\$ 1,767,738</u>	<u>\$ 8,544</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Activities
For the Year Ended June 30, 2014 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 36,866	\$ 14,678	\$ 252	\$ 69
Public protection	148,135	23,035	54,233	3,315
Public ways and facilities	28,253	4,356	14,688	5,570
Health and sanitation	74,313	6,570	57,344	--
Public assistance	99,449	2,070	89,640	--
Education	9,611	1,723	102	--
Recreation and cultural services	7,745	4,537	--	282
Interest on long-term debt	5,270	--	--	--
Total Governmental Activities	409,642	56,969	216,259	9,236
Business-Type Activities:				
Airport	5,664	4,493	127	1,770
Golf	2,608	2,779	--	--
State Water Contract	5,992	6,358	13	--
Nacimiento Water Contract	13,840	13,685	12	--
Lopez Dam	6,116	6,123	8	--
General Flood Control	809	861	--	--
County Service Areas	3,857	3,312	3	2
Los Osos Wastewater	231	--	--	57,507
Total Business-Type Activities:	39,117	37,611	163	59,279
Total primary government	\$ 448,759	\$ 94,580	\$ 216,422	\$ 68,515
Component Unit				
First Five San Luis Obispo	\$ 1,904	\$ --	\$ 1,939	\$ --
General Revenues, Transfers and Special Item:				
Taxes:				
Property taxes				
Sales and use taxes				
Transient occupancy taxes				
Transfer tax				
Other taxes				
Grants not restricted to specific programs				
Interest earnings not restricted to specific programs				
Other revenues				
Transfers				
Special item				
Total General Revenues, Transfers and Special Items				
Change in net position				
Net position - beginning of year				
Cumulative effect of change in accounting principle				
Net position - end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
\$ (21,867)	\$ --	\$ (21,867)	
(67,552)	--	(67,552)	
(3,639)	--	(3,639)	
(10,399)	--	(10,399)	
(7,739)	--	(7,739)	
(7,786)	--	(7,786)	
(2,926)	--	(2,926)	
(5,270)	--	(5,270)	
(127,178)	--	(127,178)	
	726	726	
	171	171	
	379	379	
	(143)	(143)	
	15	15	
	52	52	
	(540)	(540)	
--	57,276	57,276	
--	57,936	57,936	
(127,178)	57,936	(69,242)	
--	--	--	\$ 35
152,256	4,402	156,658	--
11,358	--	11,358	--
8,021	--	8,021	--
2,245	--	2,245	--
464	32	496	--
1,727	--	1,727	--
599	595	1,194	18
--	40	40	10
(790)	790	--	--
(2,800)	--	(2,800)	--
173,080	5,859	178,939	28
45,902	63,795	109,697	63
1,437,044	225,571	1,662,615	8,481
(1,790)	(2,784)	(4,574)	--
\$ 1,481,156	\$ 286,582	\$ 1,767,738	\$ 8,544

The accompanying notes are an integral part of these financial statements.



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY OF SAN LUIS OBISPO
Balance Sheet
Governmental Funds
June 30, 2014 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 235,988	\$ 23,940	\$ 67,625	\$ 327,553
Restricted cash with fiscal agent	--	172	2,266	2,438
Accounts receivable, net	23	--	--	23
Accrued property taxes receivable	12,857	--	--	12,857
Other receivables	1,117	--	--	1,117
Due from other governments	24,064	3,566	3,063	30,693
Inventories	98	--	--	98
Prepaid items	348	--	--	348
Loans receivable	--	--	7,546	7,546
Advances to other funds	2,347	--	620	2,967
Other assets	--	--	6,070	6,070
Total Assets	<u>\$ 276,842</u>	<u>\$ 27,678</u>	<u>\$ 87,190</u>	<u>\$ 391,710</u>
Liabilities				
Salaries and benefits payable	\$ 5,500	\$ --	\$ 283	\$ 5,783
Accounts payable	9,426	1,427	2,484	13,337
Deposits from others	1,611	--	858	2,469
Unearned revenue	394	551	5,033	5,978
Other current liabilities	573	--	6,070	6,643
Advances from other funds	--	--	2,095	2,095
Total Liabilities	<u>17,504</u>	<u>1,978</u>	<u>16,823</u>	<u>36,305</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>20,157</u>	<u>--</u>	<u>1,663</u>	<u>21,820</u>
Fund Balances:				
Nonspendable	779	--	--	779
Restricted	3,214	--	20,164	23,378
Committed	116,940	25,700	48,540	191,180
Assigned	118,248	--	--	118,248
Total Fund Balances	<u>239,181</u>	<u>25,700</u>	<u>68,704</u>	<u>333,585</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 276,842</u>	<u>\$ 27,678</u>	<u>\$ 87,190</u>	<u>\$ 391,710</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2014 (in thousands)

Fund Balance - total governmental funds (page 47)	\$ 333,585
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,124,159
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	21,820
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds.	134,355
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	2,314
Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	29,447
Adjustments for Internal Service Funds are necessary to "close" those funds by charging additional amount to participating business-type activities to completely cover the Internal Service Funds' cost for the year.	2,155
Interest on long-term debt is recognized as it accrues, regardless of when it is due.	(1,678)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:	
Certificates of participation	(111,234)
Bonds and notes payable	(25,785)
Compensated absences	(23,768)
Landfill closure/postclosure costs	(4,214)
	(164,999)
Net position of governmental activities (page 41)	\$ 1,481,156

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 167,004	\$ --	\$ 10,761	\$ 177,765
Licenses, permits, and franchises	10,694	--	--	10,694
Fines, forfeits and penalties	2,177	2,436	644	5,257
Revenue from use of money and property	1,096	56	221	1,373
Aid from governmental agencies	195,037	3,597	30,649	229,283
Charges for current services	29,713	2,686	17,672	50,071
Other revenues	4,129	--	2,106	6,235
Total revenues	<u>409,850</u>	<u>8,775</u>	<u>62,053</u>	<u>480,678</u>
<u>Expenditures:</u>				
Current:				
General government	44,317	--	--	44,317
Public protection	143,703	--	4,452	148,155
Public ways and facilities	2,045	--	26,483	28,528
Health and sanitation	68,377	--	6,209	74,586
Public assistance	94,528	--	4,914	99,442
Education	441	--	11,764	12,205
Recreation and cultural services	--	--	7,993	7,993
Debt service:				
Principal payments	--	--	5,412	5,412
Interest and fiscal charges	--	--	5,419	5,419
Capital outlay	--	11,312	--	11,312
Total expenditures	<u>353,411</u>	<u>11,312</u>	<u>72,646</u>	<u>437,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,439</u>	<u>(2,537)</u>	<u>(10,593)</u>	<u>43,309</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	957	3,172	22,373	26,502
Transfers out	<u>(23,114)</u>	<u>(19)</u>	<u>(2,802)</u>	<u>(25,935)</u>
Total Other Financing Sources (Uses)	<u>(22,157)</u>	<u>3,153</u>	<u>19,571</u>	<u>567</u>
Special item	<u>(2,800)</u>	<u>--</u>	<u>--</u>	<u>(2,800)</u>
Net Change in Fund Balances	31,482	616	8,978	41,076
Fund Balances - Beginning	<u>207,699</u>	<u>25,084</u>	<u>59,726</u>	<u>292,509</u>
Fund Balances - Ending	<u>\$ 239,181</u>	<u>\$ 25,700</u>	<u>\$ 68,704</u>	<u>\$ 333,585</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2014 (in thousands)

Net Change in fund balance - total governmental funds (page 49)	\$	41,076
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Property tax and intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(5,482)
<p>Governmental funds report capital outlay as expenditures. These expenditures have no effect on net position.</p>		
<p>Capital outlay expenditures that have no effect on net position are reported in the following functional categories:</p>		
Capital outlay	\$ 10,482	
General government	1,227	
Public protection	1,244	
Public ways	8,995	
Health and sanitation	39	
Public assistance	91	
Education	588	
Recreation and cultural services	<u>72</u>	22,738
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(16,530)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		(99)
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal payments		5,412
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:</p>		
Change in compensated absences		(286)
Change in accrued interest payable		(64)
Change in landfill closure/postclosure costs		(63)
Change in OPEB		775
Amortization of debt premiums, discounts and issuance costs		85
Amortization of prepaid pension contributions		(764)
<p>Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The net revenue or expenditure effect of internal service funds is reported with governmental activities.</p>		(877)
<p>The net (revenue) expense allocable to business-type activities</p>		<u>(19)</u>
Change in net position of governmental activities (page 43)	\$	<u>45,902</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Fund Net Position
Proprietary Funds
June 30, 2014 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current Assets:							
Cash and investments	\$ 3,323	\$ 14,814	\$ 7,951	\$ 5,754	\$ 20,242	\$ 52,084	\$ 39,806
Accounts receivable, net	--	4	--	--	626	630	22
Other receivables	123	5	--	114,886	--	115,014	--
Due from other governments	289	--	--	--	--	289	--
Deposits with others	--	148	--	10	13	171	--
Inventories	--	--	--	--	--	--	564
Prepaid items	13	--	30	--	--	43	--
Loans receivable	--	50	--	--	--	50	--
Total Current Assets	<u>3,748</u>	<u>15,021</u>	<u>7,981</u>	<u>120,650</u>	<u>20,881</u>	<u>168,281</u>	<u>40,392</u>
Noncurrent assets:							
Advances to other funds	--	--	--	--	670	670	--
Restricted cash with fiscal agent	--	10,665	--	--	--	10,665	--
Capital assets:							
Nondepreciable:							
Land	23,224	3,110	2,154	2,470	1,663	32,621	--
Construction in progress	2,683	11	412	106,906	479	110,491	--
Water rights	--	--	--	--	46,457	46,457	--
Other property	--	--	1,968	--	--	1,968	--
Depreciable:							
Infrastructure, net	738	156,681	25,215	--	1,831	184,465	--
Structures and improvements, net	55,364	9,597	35,111	--	25,179	125,251	372
Equipment, net	572	--	37	--	409	1,018	11,917
Other property, net	--	--	--	--	498	498	--
Total Noncurrent Assets	<u>82,581</u>	<u>180,064</u>	<u>64,897</u>	<u>109,376</u>	<u>77,186</u>	<u>514,104</u>	<u>12,289</u>
Total Assets	<u>86,329</u>	<u>195,085</u>	<u>72,878</u>	<u>230,026</u>	<u>98,067</u>	<u>682,385</u>	<u>52,681</u>
Liabilities:							
Current Liabilities:							
Salaries and benefits payable	34	--	--	--	30	64	535
Accounts payable	158	690	31	8,188	5,590	14,657	1,256
Interest payable	79	3,136	413	1,068	70	4,766	--
Self insurance payable	--	--	--	--	--	--	3,487
Deposits from others	48	1,573	66	--	2,996	4,683	709
Unearned revenue	65	9	742	19,735	2,023	22,574	--
Accrued vacation and sick leave - current	105	--	--	--	66	171	1,561
Notes and bond payable - current	275	3,350	1,908	1,244	511	7,288	--
Total Current Liabilities	<u>764</u>	<u>8,758</u>	<u>3,160</u>	<u>30,235</u>	<u>11,286</u>	<u>54,203</u>	<u>7,548</u>
Noncurrent Liabilities:							
Self insurance payable	--	--	--	--	--	--	14,829
Advances from other funds	1,050	--	--	--	492	1,542	--
Accrued vacation and sick leave	33	--	--	--	84	117	857
Notes and bonds payable	2,870	189,537	40,971	95,135	9,273	337,786	--
Total Noncurrent Liabilities	<u>3,953</u>	<u>189,537</u>	<u>40,971</u>	<u>95,135</u>	<u>9,849</u>	<u>339,445</u>	<u>15,686</u>
Total Liabilities	<u>4,717</u>	<u>198,295</u>	<u>44,131</u>	<u>125,370</u>	<u>21,135</u>	<u>393,648</u>	<u>23,234</u>
Net Position							
Net investment in capital assets	79,436	(12,823)	22,018	32,939	66,915	188,485	12,289
Unrestricted	2,176	9,613	6,729	71,717	10,017	100,252	17,158
Total Net Position	<u>\$ 81,612</u>	<u>\$ (3,210)</u>	<u>\$ 28,747</u>	<u>\$ 104,656</u>	<u>\$ 76,932</u>	<u>288,737</u>	<u>\$ 29,447</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (page 41)						(2,155)	
Net position of business-type activities						<u>\$ 286,582</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Nacimiento	Lopez	Los Osos	Nonmajor	Total	Internal
		Water Contract	Flood Control	Wastewater	Enterprise Funds	Enterprise Funds	Service Funds
Operating Revenues:							
Charges for current services	\$ 4,493	\$ 13,685	\$ 6,123	\$ --	\$ 13,310	\$ 37,611	\$ 43,250
Other revenues	34	--	--	3	3	40	414
Total Operating Revenues	<u>4,527</u>	<u>13,685</u>	<u>6,123</u>	<u>3</u>	<u>13,313</u>	<u>37,651</u>	<u>43,664</u>
Operating Expenses:							
Salaries and benefits	1,307	--	--	1	1,229	2,537	21,137
Services and supplies	1,812	2,432	3,068	233	10,568	18,113	16,249
Other charges	25	8	10	--	8	51	--
Insurance benefit payments	--	--	--	--	--	--	4,259
Depreciation	2,160	2,180	1,308	--	1,098	6,746	2,085
Countywide cost allocation	165	8	23	--	49	245	202
Total Operating Expenses	<u>5,469</u>	<u>4,628</u>	<u>4,409</u>	<u>234</u>	<u>12,952</u>	<u>27,692</u>	<u>43,932</u>
Operating Income (Loss)	<u>(942)</u>	<u>9,057</u>	<u>1,714</u>	<u>(231)</u>	<u>361</u>	<u>9,959</u>	<u>(268)</u>
Nonoperating Revenues (Expenses):							
Property taxes	--	1,203	1,182	--	2,049	4,434	--
Interest income	4	529	15	10	37	595	79
Interest expense	(199)	(9,215)	(1,523)	--	(324)	(11,261)	--
Aid from governmental agencies	127	12	8	--	16	163	370
Other nonoperating revenue (expenses)	--	--	(183)	--	--	(183)	193
Total Nonoperating Revenues (Expenses)	<u>(68)</u>	<u>(7,471)</u>	<u>(501)</u>	<u>10</u>	<u>1,778</u>	<u>(6,252)</u>	<u>642</u>
Income (Loss) Before Contributions and Transfers	(1,010)	1,586	1,213	(221)	2,139	3,707	374
Capital contributions	1,770	--	--	57,507	108	59,385	--
Transfers in	17	--	--	639	171	827	--
Transfers out	(51)	--	--	(3)	(89)	(143)	(1,251)
Changes in net position	<u>726</u>	<u>1,586</u>	<u>1,213</u>	<u>57,922</u>	<u>2,329</u>	<u>63,776</u>	<u>(877)</u>
Net Position - Beginning	80,886	(2,747)	28,017	46,986	74,603		30,324
Cumulative effect of change in accounting principle	--	(2,049)	(483)	(252)	--		--
Net Position - Ending	<u>\$ 81,612</u>	<u>\$ (3,210)</u>	<u>\$ 28,747</u>	<u>\$ 104,656</u>	<u>\$ 76,932</u>		<u>\$ 29,447</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						19	
Change in net position of business-type activities (page 43)						<u>\$ 63,795</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Nacimiento		Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal
	Airport	Water Contract					Service Funds
Cash Flows from Operating Activities:							
Receipts from customers and third parties	\$ 4,185	\$ 10,901	\$ 6,631	\$ 3	\$ 15,394	\$ 37,114	\$ --
Receipts from interfund billings	--	--	--	--	--	--	43,653
Payments for goods and services	(1,917)	(2,445)	(3,100)	(233)	(10,248)	(17,943)	(13,372)
Payments to employees for service	(1,308)	--	--	(1)	(1,231)	(2,540)	(21,025)
Payments for insurance benefits	--	--	--	--	--	--	(4,740)
Payments for premiums	--	--	--	--	--	--	(2,723)
Net Cash Provided (Used) by Operating Activities	<u>960</u>	<u>8,456</u>	<u>3,531</u>	<u>(231)</u>	<u>3,915</u>	<u>16,631</u>	<u>1,793</u>
Cash Flows from Noncapital Financing Activities:							
Property tax proceeds	--	1,203	1,182	--	2,049	4,434	--
Grants and subsidies from other gov't agencies	127	12	8	--	48	195	370
Advances from other funds	6	--	--	--	(61)	(55)	--
Transfers from other funds	17	--	--	639	171	827	--
Transfers to other funds	(51)	--	--	(3)	(89)	(143)	(1,251)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>99</u>	<u>1,215</u>	<u>1,190</u>	<u>636</u>	<u>2,118</u>	<u>5,258</u>	<u>(881)</u>
Cash Flows from Capital and Related Financing Activities:							
Purchases and construction of capital assets	(1,630)	(824)	(279)	(58,758)	(2,869)	(64,360)	(4,174)
Proceeds from issuance of long-term debt	--	--	--	57,507	1,062	58,569	--
Proceeds from sale of capital assets	--	--	--	--	--	--	364
Capital contributions	1,770	--	--	--	108	1,878	--
Principal paid on capital debt	(263)	(3,210)	(1,850)	(1,208)	(487)	(7,018)	--
Interest paid on capital debt	(157)	(9,459)	(1,589)	(3)	(319)	(11,527)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(280)</u>	<u>(13,493)</u>	<u>(3,718)</u>	<u>(2,462)</u>	<u>(2,505)</u>	<u>(22,458)</u>	<u>(3,810)</u>
Cash Flows from Investing Activities:							
Interest received	4	529	17	10	39	599	80
Net Cash Provided (Used) by Investing Activities	<u>4</u>	<u>529</u>	<u>17</u>	<u>10</u>	<u>39</u>	<u>599</u>	<u>80</u>
Net Increase (Decrease) in Cash and Cash Equivalents	783	(3,293)	1,020	(2,047)	3,567	30	(2,818)
Cash and Cash Equivalents - Beginning of Year	2,540	28,772	6,931	7,801	16,675	62,719	42,624
Cash and Cash Equivalents - End of Year	<u>\$ 3,323</u>	<u>\$ 25,479</u>	<u>\$ 7,951</u>	<u>\$ 5,754</u>	<u>\$ 20,242</u>	<u>\$ 62,749</u>	<u>\$ 39,806</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (942)	\$ 9,057	\$ 1,714	\$ (231)	\$ 361	\$ 9,959	\$ (268)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:							
Depreciation expense	2,160	2,180	1,308	--	1,098	6,746	2,085
Change in Assets and Liabilities:							
Receivables, net	(383)	(60)	--	--	2,035	1,592	(11)
Inventory	--	--	--	--	--	--	5
Prepaid items	(8)	--	(2)	--	--	(10)	--
Accounts payable	133	2	3	--	380	518	301
Deposits from others	--	--	--	--	--	--	83
Salaries and benefits payable	4	--	--	--	3	7	74
Unearned revenue	(11)	--	508	--	43	540	--
Other accrued liabilities	11	(2,723)	--	--	--	(2,712)	25
Accrued vacation and sick leave	(4)	--	--	--	(5)	(9)	15
Self-insurance liability	--	--	--	--	--	--	(516)
Total Adjustments	<u>1,902</u>	<u>(601)</u>	<u>1,817</u>	<u>--</u>	<u>3,554</u>	<u>6,672</u>	<u>2,061</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 960</u>	<u>\$ 8,456</u>	<u>\$ 3,531</u>	<u>\$ (231)</u>	<u>\$ 3,915</u>	<u>\$ 16,631</u>	<u>\$ 1,793</u>
Noncash Investing, Capital, and Financing Activities:							
Contributions of capital assets	\$ --	\$ --	\$ --	\$ 35,717	\$ --	\$ 35,717	\$ --

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Fiduciary Net Position
Agency and Investment Trust Funds
June 30, 2014 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2013 (in thousands)

	Agency Funds 06/30/14	Investment Trust Fund 06/30/14	San Luis Obispo County Pension Trust 12/31/2013
Assets			
Cash and cash equivalents	\$ 44,157	\$ 201,014	\$ 34,395
Notes receivable	--	--	
Contributions receivable	--	--	1,467
Accrued interest and dividends receivable	--	--	1,477
Accounts receivable	--	--	6
Securities sold	--	--	67,710
Prepaid benefits	--	--	277
Investments pension trust:			
Bonds and notes, at fair value	--	--	235,194
International fixed income, at fair value	--	--	116,590
Collateralized mortgage obligations, at fair value	--	--	8,760
Domestic equities, at fair value	--	--	340,723
International equities, at fair value	--	--	267,611
Alternative investments, at fair value	--	--	73,002
Real estate, at fair value	--	--	97,723
Other investments, at fair value	--	--	7
Capital assets-net of accumulated depreciation	--	--	705
Total Assets	<u>44,157</u>	<u>201,014</u>	<u>1,245,647</u>
Liabilities			
Agency obligations	44,157	--	--
Securities purchased	--	--	108,670
Accrued liabilities	--	--	1,258
Total Liabilities	<u>44,157</u>	<u>--</u>	<u>109,928</u>
Net Position			
Net position held in trust for pool participants	--	201,014	--
Net position held in trust for pension benefits	--	--	1,135,719
Total Net Position	<u>\$ --</u>	<u>\$ 201,014</u>	<u>\$ 1,135,719</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN LUIS OBISPO
Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2014 (in thousands)
San Luis Obispo Pension Trust Fund
For the Year Ended December 31, 2013 (in thousands)

	<u>Investment Trust Fund 06/30/14</u>	<u>San Luis Obispo County Pension Trust 12/31/13</u>
<u>Additions</u>		
Contributions:		
Employer contributions	\$ 822,393	\$ 30,796
Member contributions	--	24,460
Total Contributions	<u>822,393</u>	<u>55,256</u>
Investment Income:		
Realized and unrealized gains and losses	--	96,397
Interest	344	5,829
Dividends	--	33,848
Real estate management trust income	--	(112)
Real estate operating income, net	--	1,406
Other investment income, net	--	(6)
Investment expenses	--	(5,520)
Total Investment Earnings	<u>344</u>	<u>131,842</u>
Total Additions	<u>822,737</u>	<u>187,098</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	60,237
Refunds of contributions	--	2,374
Death benefits	--	150
Total benefits	<u>--</u>	<u>62,761</u>
Administrative expenses	--	2,054
Total Administrative Expenses	<u>--</u>	<u>2,054</u>
Distributions from investment pool	<u>812,037</u>	<u>--</u>
Total deductions	<u>812,037</u>	<u>64,815</u>
Change in Net Position	10,700	122,283
Net Position - Beginning	<u>190,314</u>	<u>1,013,436</u>
Net Position - Ending	<u>\$ 201,014</u>	<u>\$ 1,135,719</u>

The accompanying notes are an integral part of these financial statements.



NOTES TO THE BASIC FINANCIAL STATEMENTS



**COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The County of San Luis Obispo (the County) was established by an act of the Legislature on February 18, 1850 as one of California's original 27 Counties. The County is a political subdivision of the State of California and may exercise the powers specified by the Constitution and laws of the State. The County exercises its powers through an elected five member Board of Supervisors. The County provides various services on a countywide basis including public protection, public ways and facilities, health and sanitation, public assistance, education, recreational and cultural services.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The accompanying financial statements present the financial position of the County and those County-related entities that meet the criteria for component units established by the Governmental Accounting Standards Board (GASB) Statements 14 and 61.

Blended Component Units

These component units are so intertwined with the County that they are, in substance, the same as the County and, therefore, are blended and reported as if they were part of the County. Each of the following entities' governing bodies are substantively the same as the governing body of the County, are fiscally accountable to the County, and have a significant relationship with the County, and therefore are included in its government-wide, governmental fund and proprietary fund financial statements:

County Service Areas – County Service Areas have been established for the purpose of providing specific services to distinct geographical areas within the County. These services include drainage and sewer collections facilities maintenance, street lighting energy charges, centralized septic services, wastewater disposal and treatment, and fire and emergency medical services in various unincorporated areas of the county.

Flood Control and Water Conservation Districts – Flood control and water conservation districts have been established for the purpose of providing specific flood and conservation services to distinct geographical areas within the county. These services include weather and hydrological data collections services, delivery, water treatment, and water distribution services, and the construction of the Lopez Dam Seismic Remediation project.

San Luis Obispo County Financing Authority – The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the Authority's members.

San Luis Obispo County Public Facilities Corporation – The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller-Treasurer-Tax Collector at 1055 Monterey, Room D220, San Luis Obispo, CA 93408.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Also included in the accompanying financial statements as investment trust funds are the assets of numerous self-governed schools, special districts, and regional boards and authorities for which the County Treasurer acts as custodian of those assets. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and the related fiduciary responsibility of the County for disbursement of these assets. Activities of these entities are administered by separate boards and are independent of the County Board of Supervisors. The County Auditor-Controller-Treasurer-Tax Collector makes disbursements upon the request of the entity's officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, nor to appropriate surplus funds available in these entities. Seven cities and numerous self-governed special districts provide services to the residents of the county. The operations of these entities have been excluded from the basic financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

Discretely Presented Component Unit

First 5 San Luis Obispo County – First 5 was created in 1998 with the passage of Proposition 10, the California Children and Families First Act. First 5's mission is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 is governed by a nine-member commission that includes public officials and community leaders from the fields of early childhood education, health care, and family support. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board of Supervisors appoints all commission members. First 5 is reported as a discretely presented component unit because its governing body is not substantively the same as the County's governing body, and it does not provide services entirely or exclusively to the County.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The Government-wide financial statements consist of the statement of net position and the statement of activities that report information about the County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Internal activities and indirect expenses are consolidated in the statement of activities. Examples of expenses that have been eliminated include the allocation of indirect costs under the County-wide Cost Allocation Plan and internal payments for services provided between departments.

Amounts reported as *program revenues* include 1) fees, fines and charges to customers or applicants for goods or services offered by the programs, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program, and 3) capital grants and contributions restricted to particular programs. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County enterprise funds (Airport, Nacimiento Water Contract, Lopez Flood Control Project, Los Osos Wastewater, and nonmajor enterprise) and of the government's internal service funds are charges to customers for sales and services.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

The fund financial statements report detailed information about the County's funds, including fiduciary funds and blended component units. Separate statements are provided for each fund category – Governmental, Proprietary, and Fiduciary even though the latter are excluded from the Government-wide financial statements. The emphasis of the Governmental and Proprietary Fund financial statements is on major individual funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

New Accounting Pronouncements

For the fiscal year ended June 30, 2014, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2012; however, the GASB encouraged earlier application. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources certain items that were previously reported as assets and liabilities. GASB 65 improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.
- GASB Statement No. 66, *Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2012. GASB 66 resolves conflicting guidance that resulted from the issuance of Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The statement also amends specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing rate fee. GASB 66 improves financial reporting resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.

The County reports the following Major Governmental Funds:

- The General Fund is the County's primary operating fund. The General Fund is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreational and cultural services.
- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The Lopez Dam Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County, and the activities of the Lopez Dam Seismic Remediation Project.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, equipment maintenance services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury and property damage.

The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County, its employees, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2013.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 99 different Investment Trust Funds.
- The Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 137 different Agency Funds. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide, Proprietary, and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except that Agency Fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, sales tax, transient occupancy taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales and occupancy taxes are recognized when the underlying transactions take place. Revenues from grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they become both measurable and available. The County considers all revenues in governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. It is the County's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle, and payments are generally received within 90 days. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized as expenditures only to the extent that payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County eliminates the effect of interfund activity from the Government-wide financial statements by consolidating internal activities and indirect expenses in the statement of activities.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES, AND FUND EQUITY

Deposits and Investments

As required by Government Code Section 27130, a treasury oversight committee serves the County. The committee consists of a representative appointed by the Board of Supervisors, the Auditor-Controller-Treasurer-Tax Collector, Superintendent of Schools, a representative from the County's school districts and community college, and one member from the public at large. The committee meets annually and is subject to the California open meeting statutes.

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2013. The fair value of pooled investments is determined annually and is based on current market prices.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 99.98 percent.

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in the County Treasury cash and investments pool, the earnings from which are allocated quarterly to each fund based on average daily cash balances.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. No uncollectible allowance is recorded for enterprise special district receivables, which are primarily for water service billings. These receivables are written off in the year they become uncollectible.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Property Tax

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County, including schools, cities, and special districts. Property taxes, for which the lien date is January 1, are payable in two equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Property taxes receivable are recognized when levied. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent on August 31. The County is permitted by Article XIII-A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100.00 of full cash value. Property taxes are accounted for in the Unapportioned Property Tax and Interest Fund, an Agency Fund, until allocation and disbursement to the taxing jurisdictions.

Beginning in fiscal year 1993-94, the County of San Luis Obispo adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" provided for in Revenue and Taxation Code Sections 4701-4717, which is commonly known as the "Teeter Plan". The Teeter Plan has no impact on tax rates or collection procedures. It merely changes the way the collections of delinquent taxes and penalties are distributed among the taxing agencies. Those agencies participating in the Teeter Plan receive 100% of the secured property taxes billed each year without regard to delinquencies. The General Fund covers the delinquent amount to all agencies and, in return, receives the delinquent taxes, penalties and interest when collected. As a result of the Teeter Plan, secured property taxes receivable are recorded in the General Fund only, and there is no allowance for uncollectible amounts. Penalties and interest are deposited into the Tax Loss Reserve Fund. Once the Tax Loss Reserve Fund balance exceeds 25% of the secured delinquent roll, the excess may be credited to the General Fund.

The Teeter Plan was amended beginning fiscal year 2001-02 by removing unitary tax payments (including PG&E), so that all agencies in the County will share in any delinquency that may occur.

Unsecured property is not part of the Teeter Plan. Unsecured property taxes receivable are accrued to taxing agencies, net of the uncollectible amount which is estimated based on prior year collections.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories held by the General Fund, and the Public Works and Garage Internal Service Funds are carried at cost (first-in, first-out). The Internal Service Funds' inventories are controlled by perpetual inventory systems, and are adjusted as appropriate to reflect year-end physical inventory counts. Governmental Funds (other than the General Fund) record inventory as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-wide and Fund financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Capital Assets

Capital assets, which include land, structures and improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the Government-wide financial statements. Capital assets are defined as assets with an initial individual cost greater than the capitalization threshold for the specified type of asset and an estimated useful life beyond a single fiscal period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 1980, are reported at estimated historical cost using deflated replacement costs.

Normal maintenance and repairs are not capitalized, but are charged to operations when incurred. Betterments or major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital outlays are recorded as expenditures in the General, Special Revenue, and Capital Projects Funds and as capital assets in the Government-wide financial statements to the extent the County's capitalization thresholds are met. Interest incurred, during the construction phase, on financing capital assets of business-type activities is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization. Facilities and improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives.

The capitalization thresholds and estimated useful lives of specific asset types are as follows:

<u>Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	No threshold	-----
Infrastructure	\$100,000	20 to 100 years
Structures & Improvements	\$25,000	15 to 50 years
Equipment	\$5,000	2 to 15 years
Capital Lease	By asset type	Lease term or useful life

Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation and sick leave benefits. Each year-end, a liability is accrued for the balance of unpaid compensatory time off, sick leave, and vacation earned.

Accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid; therefore the total liability is recorded as long-term. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee designations and retirements.

Long-term Obligations

In the Government-wide financial statements, and in proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints on the specific purposes for which amounts in the funds can be spent. The fund balance classifications used are nonspendable, restricted, committed, assigned and unassigned (see Note 11 for a description of these categories).

In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

E. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code and by the County's Investment Policy (IP). The objectives of the policy in order of priority are safety and preservation of capital, liquidity sufficient to meet scheduled cash flow needs, and then yield, subject to safety and liquidity, while maintaining compliance with federal, state, and local laws and regulations.

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since FY 1994-95. The County Pool's "AAA" rating reflects the "pool's lowest vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments." The County Pool's "V1" volatility rating reflects the pool's low market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments. Effective February 10, 2010, Fitch eliminated the V1+ rating from its Fund Volatility Rating scale and revised its highest rating to V1. On March 18, 2010, the County Pool's volatility rating was revised from "V1+" to "V1," to reflect the new highest rating. Most recently on July 30, 2014, Fitch confirmed the County Pool's "AAA/V1" rating.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and is formed by five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the California Government Code. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. California Government Code directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are: County Auditor in conjunction with or in addition to work directed by California Government Code; independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report; and independent CPAs as deemed appropriate. Gallina, LLP was selected to perform an Annual Investment Program Compliance Audit for the fiscal year ended June 30, 2014. The results of these audits have been presented to the Board of Supervisors on a yearly basis.

Under parameters established by the California Government Code, the County may purchase as investments: obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government-sponsored enterprise; obligations of state and local agencies of this state and any of the other 49 states; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The California Government Code prohibits investments in derivatives which include inverse floaters, range notes, or mortgage-derived, interest strips and any security that could result in zero interest accrual if held to maturity. While securities lending and reverse repurchase agreements are considered permitted investments per California Government Code, the County IP prohibits these types of investments.

The County maintains a combined pool of cash and investments which provide cash flow for the funding needs of the County and local agencies required by law to keep funds in the Treasury.

The combined pool's investments have a carrying value that uses the amortized cost method and includes accrued interest. This pool, which is available to all funds, has deposits and investments with a weighted-average maturity of less than one year. Interest is apportioned to the separate funds based on the individual fund's average daily balance.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Investments were authorized by the California Government Code and the County Treasurer's IP: Securities were held in a customer-segregated safekeeping account during the fiscal year. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

Governmental Accounting Standards Board (GASB) Statement No. 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, and the California State Local Agency Investment Fund (LAIF), except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 1.000681869513 in the Quarterly Report of Investments as of June 30, 2014, which can be used for financial reporting by the pool participants. The fair value of the investments is the pool participant's amount invested balance multiplied by the fair value dollar factor.

The County's combined pool has invested in LAIF. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.00029875 for its portfolio as of June 30, 2014. The fair value of the investments in LAIF is the pool participant's amount invested balance multiplied by the fair value dollar factor. As of June 30, 2014, 1.86% of the LAIF pool includes structured notes and asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

As of June 30, 2014, the County's combined pool includes funds deposited in collateralized Public Investment Money Market Accounts (PIMMAs), Certificates of Deposit placed through the Certificate of Deposit Account Registry Service (CDARS), and a Federally Insured Cash Account (FICA). PIMMAs are interest-bearing active bank accounts and by California Government Code (GC) §53631 et seq., are considered depository accounts, not investments. PIMMAs are fully liquid and collateralized by eligible securities per GC 53651 et seq. Deposits placed through CDARS as authorized by California GC §53635.8, are distributed into individual Certificates of Deposit (CD) of less than \$250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CD Account Registry Service, a private entity that assists in the placement of the individual CDs. FICA is similar to CDARS where a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Unlike CDARS, FICAs are not term deposits, and the full balance is available at any time on demand. Even though PIMMAs and FICAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

The table below identifies the investment types that are authorized for the County by the California Government Code. The County's combined pool is further restricted by both the County IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County IP and the Treasurer's written policies and procedures within the limits of the California Government Code and all relevant laws. As of June 30, 2014, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by a Local Agency	1 year	5%	Requires written approval of County Treasurer for each investment.
U.S. Treasury Notes	3 years	100%	N/A
U.S. Treasury Bonds	3 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Cash Management Bills	Maximum issued	100%	N/A
Registered State Warrants	1 year	10%	N/A
Treasury Notes or Bonds of this state	Not authorized in FY 2013-14		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2013-14		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Requires written approval of County Treasurer for each investment.
U.S. Government Agencies:			
Federal National Mortgage Assoc.	Not authorized in FY 2013-14		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2013-14		
Federal Home Loan Bank	3 years	20%	N/A
Farm Credit Bank	3 years	20%	N/A
Bankers' Acceptances-Domestic	30 days	10%	4%
Bankers' Acceptances-Foreign	Not authorized in FY 2013-14		
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Negotiable Certificates of Deposit	Not authorized in FY 2013-14		
CDARS	1 year	15%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2013-14		
Reverse Repurchase Agreements	Not authorized in the County's IP		
Securities Lending Agreements	Not authorized in the County's IP		
Medium-Term Notes	Not authorized in FY 2013-14		
Money Market Mutual Funds	Not authorized in FY 2013-14		
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest	Not authorized in FY 2013-14		
Mortgage Pass-Through Securities	Not authorized in FY 2013-14		
Local Agency Investment Fund	N/A	15%	N/A

*An investment in a Tax Revenue Anticipation Note (TRAN) for \$1,116,378, with an interest rate of 2.6%, issued by the Port San Luis Harbor District, was approved by the County Treasurer in January 2013. The investment is an exception to the above restriction of one (1) year as it has a maturity of five (5) years. However, it is within what is allowed by California Government Code.

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair values by structuring the portfolio so that securities mature to meet cash flow requirements for ongoing operations and thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Credit Risk

The County minimizes this type of credit risk by pre-qualifying the custodial financial institution, and requiring the custodian to hold securities in the County Treasurer's name.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Credit Risk

The County minimizes its exposure to credit risk by pre-qualifying the financial institutions limiting investments to the safest types of securities, diversifying the portfolio, and setting limits per issuer.

Concentration of Credit Risk

At June 30, 2014, the County did not have investments in corporate bonds, medium term notes, or money market mutual funds. Investments in obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises are exempt from limitations set by GASB.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2014.

Investment Type	S&P	Moody's	% of Portfolio*
U.S Treasuries	AA+	Aaa	15.03%
U.S. Government Agencies	AA+	Aaa	49.04%
CDARS	Not Rated	Not Rated	17.84%
Local Agency Investment Fund	Not Rated	Not Rated	17.85%
TRAN	Not Rated	Not Rated	0.24%
Total			<u>100%</u>

*Bank Deposit accounts such as PIMMAs and FICA are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations. CDARS and LAIF are both at 8% of the County' combined pool inclusive of the PIMMAs and FICA and therefore are within the limits authorized in the Treasurer's Investment Policy.

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2014, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio
U.S. Government Agencies-Federal Home Loan Bank	21.59%
U.S. Government Agencies-Farm Credit Bank	27.45%

At June 30, 2014, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
CDARS	7/03/14-5/07/15	0.30%	0.25	50,001	50,001	50,000
U.S. Treasuries	12/31/15-5/15/17	0.362%-0.925%	2.24	42,060	42,131	42,000
U.S. Government Agencies	1/21/16-1/16/18	0.345%-1.32%	2.39	137,071	137,450	136,527
Local Agency Investment Fund	On Demand	0.22%	-	50,028	50,043	50,000
TRAN	1/30/18	2.60%	3.58	658	658	651
Total Investments in County Treasury			1.56	<u>\$279,818</u>	<u>\$280,283</u>	<u>\$279,178</u>
Deposits in Financial Institutions				401,793	401,793	401,793
Cash on Hand				165	165	165
Total Cash held in Treasury				<u>681,776</u>	<u>682,241</u>	<u>681,136</u>
Deposits in Transit				552	552	552
Outstanding Warrants				<u>(11,641)</u>	<u>(11,641)</u>	<u>(11,641)</u>
Total				<u>670,687</u>	<u>671,152</u>	<u>670,047</u>
Imprest Cash				857	857	857

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
Non-pool Cash Deposits				1,855	1,855	1,855
Other Cash Deposits				2,712	2,712	2,712
Total cash and cash equivalents				\$ 673,399	\$ 673,864	\$ 672,759
<u>Restricted Cash with Fiscal Agent</u>				Carrying Amount	Fair Value	Par Value
U.S. Government & Federal Agencies				\$ 12,931	\$ 12,931	\$ 12,931
Certificates of Deposit & Money Market Accounts				172	172	172
Total				13,103	13,103	13,103
Total restricted and unrestricted cash and cash equivalents				\$ 686,502	\$ 686,967	\$ 685,862
<u>Total Cash and Investments Summary</u>				Carrying Amount		
Total Governmental Activities				\$ 369,797		
Total Business-type Activities				62,749		
Total Fiduciary Funds				245,171		
Total Component Unit				8,785		
Total Cash and Investments				\$ 686,502		

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2014 (in thousands):

	Carrying Amount	Fair Value
<u>Statement of Net Position:</u>		
Net position held for pool participants	\$ 670,687	\$ 671,152
Equity of internal pool participants	\$ 469,673	\$ 470,138
Equity of external pool participants (voluntary and involuntary)	201,014	201,014
Total Equity	\$ 670,687	\$ 671,152
<u>Statement of Changes in Net Position:</u>		
Revenue	\$ 2,261	\$ 2,261
Investment Costs	(965)	(965)
Net Deposits	46,702	46,702
Change in fair value	-	244
Net change in pool	47,997	48,241
Net position at July 1, 2013	622,689	622,910
Net position at June 30, 2014	\$ 670,687	\$ 671,152

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2014 that are restricted by legal or contractual requirements are comprised of the following (in thousands):

Various Governmental Funds	Amount
Required lease reserves for long term debt	\$ 12,919
Restricted interest on lease reserves	12
Restricted for Contractor Retentions	172
Total Restricted Cash	\$ 13,103

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Cash Deposits outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$1,568,239 and the combined financial institutions' balance was \$1,868,721. The difference of \$300,482 between the County's deposit balance and the financial institutions' balance results from transactions in transit, and outstanding warrants and bond coupons. The entire bank balance of \$1,868,721 was covered by federal depository insurance or by collateral held by County's agent in the County's name.

3. RECEIVABLES

Accounts receivable at year end of the County's major individual funds and nonmajor and Internal Service Funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows (in thousands):

	Governmental Activities	Business Type Activities		Governmental Activities
	General Fund	Nacimiento Water Contract	Nonmajor Enterprise Funds	Internal Service Funds
Accounts Receivable	\$ 23	\$ 1,510	\$ 626	\$ 22
Allowance for Doubtful Accounts	-	(1,506)		
Net Accounts Receivable	\$ 23	\$ 4	\$ 626	\$ 22

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2013	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 789,246	\$ 140	\$ -	\$ 5,293	\$ 794,679
Construction in progress	71,143	18,067	(54)	(49,474)	39,682
Total capital assets, not being depreciated	860,389	18,207	(54)	(44,181)	834,361
Capital assets, being depreciated:					
Structures and improvements	177,637	860	(27)	667	179,137
Equipment	73,465	5,398	(3,504)	229	75,588
Infrastructure	295,829	2,428	-	43,175	341,432
Other property	340	-	-	-	340
Total capital assets, being depreciated	547,271	8,686	(3,531)	44,071	596,497
Less accumulated depreciation for:					
Structures and improvements	(69,530)	(3,926)	25	-	(73,431)
Equipment	(42,921)	(5,646)	3,291	-	(45,276)
Infrastructure	(166,645)	(9,039)	-	-	(175,684)
Other property	(15)	(4)	-	-	(19)
Total accumulated depreciation	(279,111)	(18,615)	3,316	-	(294,410)
Total capital assets being depreciated, net	268,160	(9,929)	(215)	44,071	302,087
Governmental activities capital assets, net	\$ 1,128,549	\$ 8,278	\$ (269)	\$ (110)	\$ 1,136,448

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2013	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 32,617	\$ 3	\$ -	\$ 1	\$ 32,621
Construction in progress	54,479	57,146	-	(1,134)	110,491
Water Rights	44,564	1,893	-	-	46,457
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	133,628	59,042	-	(1,133)	191,537
Capital assets, being depreciated:					
Infrastructure	191,153	1,568	-	1,227	193,948
Structures and improvements	169,175	4	(394)	12	168,797
Equipment	3,096	60	(8)	-	3,148
Other Property	554	-	-	-	554
Total capital assets, being depreciated	363,978	1,632	(402)	1,239	366,447
Less accumulated depreciation for:					
Infrastructure	(6,577)	(2,907)	-	-	(9,484)
Structures and improvements	(40,074)	(3,683)	212	-	(43,545)
Equipment	(1,983)	(155)	8	-	(2,130)
Other Property	(54)	(2)	-	-	(56)
Total accumulated depreciation	(48,688)	(6,747)	220	-	(55,215)
Total capital assets being depreciated, net	315,290	(5,115)	(182)	1,239	311,232
Business-type activities capital assets, net	\$ 448,918	\$ 53,927	\$ (182)	\$ 106	\$ 502,769

Depreciation expense

Depreciation expense was charged to functions as follows (in thousands):

<u>Governmental Activities</u>		<u>Amount</u>
General Government	\$	3,499
Public Protection		2,649
Public Ways and Facilities		8,862
Health and Sanitation		515
Public Assistance		231
Education		191
Recreational and Cultural Services		583
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		2,085
Total Depreciation Expense-Governmental Activities	\$	<u>18,615</u>
<u>Business-type Activities</u>		<u>Amount</u>
Airport	\$	2,160
Nacimiento		2,180
Lopez Flood Control		1,308
Nonmajor Enterprise		1,098
Total Depreciation Expense-Business-type Activities	\$	<u>6,746</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS

Construction in Progress accounts reflect the amount within governmental and business-type funds for construction projects which are not yet complete.

The following is a schedule of major projects included in Construction in Progress as of June 30, 2014 (in thousands):

Governmental Activities

Project	Expended to June 30, 2014	Committed Funds
Sheriff Women’s Jail Expansion	\$ 7,775	\$ 7,794
Behavioral Health Electronic Health Record System	338	242
Roads Infrastructure	18,160	8,699
Library – Atascadero Site Evaluation	2,671	825
North County Public Service Center	1,347	420
SLO Probation Juvenile Hall Expansion	1,683	1,490
Parks & Recreation (Bob Jones Trail)	642	26
Property Tax System	674	1,110

Business-Type Activities

Project	Expended to June 30, 2014	Committed Funds
SLO Airport Facilities Infrastructure	\$ 2,683	\$ 296
Los Osos Wastewater Project	106,708	66,610
Nacimiento Water Project	11	6,867

6. LEASES

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement 13. The leases cover periods ranging generally from 1 to 40 years. The General Fund leases portions of the former County General Hospital and North County healthcare facilities. The original cost of these facilities was \$10,787. As of June 30, 2014 they had a carrying value of \$8,415 net of accumulated depreciation of \$2,372. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

The following is a schedule of minimum future rentals to be received under these non-cancelable operating leases at June 30, 2014 (in thousands):

Year Ending June 30	General Fund	Airport
2015	\$ 628	\$ 284
2016	628	281
2017	600	254
2018	584	237
2019	576	237
Later Years	1,697	6,858
Total	\$ 4,713	\$ 8,151

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Minimum future rentals do not include contingent rentals, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rentals amounted to \$1,452,824 for the fiscal year ended June 30, 2014.

County as Lessee

Operating Leases: The County has commitments under long-term real property operating lease agreements for facilities used in operations. These leases do not meet any of the four criteria for capitalization set by FASB 13. The County is the lessee under operating leases for real property used to house certain County functions.

In addition to real property leases, the County has also entered into operating leases for equipment, of which most are data processing and office equipment leases. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Commitments under the operating lease agreements for equipment, as described above, are not material.

Rental payments for fiscal year ended June 30, 2014 totaled \$3,285,379. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms in excess of one year as of June 30, 2014 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2015	\$ 2,011
2016	1,961
2017	1,756
2018	1,325
2019	1,236
2020-2024	5,125
2025-2029	2,133
2030-2034	488
Total	<u>\$ 16,035</u>

7. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There was one liability and nine workers' compensation claim settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through the California State Association of Counties (CSAC) Excess Insurance Authority. The County is a member of CSAC Excess Insurance Authority, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent. Self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	Statutory
Unemployment	\$ 455,138 maximum	-----
Dental	None--Funded by Employees	-----

Annual actuarial valuations are obtained for the Workers' Compensation and the General Liability Funds. These valuations provide the basis for premiums charged to insured departments. The County's SIR amounts are paid directly, without the use of purchased annuity contracts. Financial information on CSAC Excess Insurance Authority is available on request from the Office of Risk Management, County of San Luis Obispo.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The estimated claims liability for the Protected Self Insurance Fund was recorded at a discounted 85% confidence level, and the estimated liability for the Workers' Compensation Self Insurance Fund was recorded at a discounted 80% confidence level.

Changes in the balances of claims liabilities for the self funded insurance program including: the Protected Self Insurance Fund, Worker's Compensation Fund, Unemployment Insurance Fund, and Dental Insurance Fund for fiscal years 2012-13 and 2013-14, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2012-13	\$ 19,255	\$ 4,085	\$ 4,508	\$ 18,832
2013-14	\$ 18,832	\$ 4,485	\$ 5,001	\$ 18,316

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2014 was (in thousands):

<u>Payable Fund (Advances From Balance)</u>	<u>Receivable Fund (Advances To Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	670
	Nonmajor Governmental Funds	281
	General Fund	<u>1,144</u>
		<u>2,095</u>
Nonmajor Enterprise Funds	General Fund	153
	Nonmajor Governmental Funds	339
		<u>492</u>
Airport	General Fund	1,050
	Total	<u>\$ 3,637</u>

Nonmajor Governmental Funds advances from Nonmajor Enterprise Funds of \$670 are comprised of reserve funds from the Golf Enterprise Fund to the Public Financing Authority Debt Service Fund (\$487) and from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund (\$183) for future debt service obligations.

Advances between Nonmajor Governmental Funds are internal loans of \$281 from the Roads Special Revenue Fund to the Roads Impact Fees Special Revenue Fund, and advances related to the General Fund include internal loans to the County Services Area 21 Special Revenue Fund (\$122) and to the Library Special Revenue Fund (\$1,022).

The Nonmajor Enterprise Funds advances of \$492 represent internal loans received by the County Services Areas Special Districts Enterprise Funds from the General Fund (\$153) and from the County Services Area 10 Special Revenue Fund (\$339).

The Airport owes the General Fund \$1,050 for an internal loan for various projects.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

9. TRANSFERS

A reconciliation of transfers is detailed below (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	Amount
General Fund	Nonmajor Governmental Funds	\$ 20,168
	Capital Projects Fund	2,929
	Airport	17
		<u>23,114</u>
Nonmajor Governmental Funds	General Fund	683
	Capital Projects Fund	97
	Nonmajor Governmental Funds	1,231
	Los Osos Wastewater	639
	Nonmajor Enterprise Funds	152
	<u>2,802</u>	
Airport	Nonmajor Governmental Funds	<u>51</u>
Capital Projects Fund	Nonmajor Enterprise Funds	<u>19</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	<u>89</u>
Internal Service Funds	General Fund	274
	Nonmajor Governmental Funds	831
	Capital Projects	146
	<u>1,251</u>	
Los Osos Wastewater	Nonmajor Governmental Funds	<u>3</u>
Total Transfers		<u>\$ 27,329</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$5,831), Library (\$607), Community Development (\$412), County Medical Services Program (\$1,893) and Parks (\$3,541). The General Fund also transferred \$7,884 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$17 to the Airport, and \$2,929 to the Capital Projects Fund of which \$2,164 is for the Women's Jail project.

Nonmajor Governmental Fund transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$200), the Capital Projects Fund (\$97), and the Library Fund (\$174) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the General Fund to fund maintenance projects (\$14), to the Pension Obligation Bond Debt Service Fund (\$136), the Golf Fund (\$2) and to the Lopez Park Enterprise Fund (\$5) for debt service. The Roads Fund transferred \$15 to the Road Impact Fees fund and transferred \$4 to Flood Control Zone 18 for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$450 to the General Fund for certificate of participation payments and \$642 to the Roads Fund for capital and maintenance projects. The Library Fund (\$204), the County Medical Services Program Fund (\$22) and the Driving Under the Influence Fund (\$34) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers include \$639 of grant related monies from the Flood Control District to the Los Osos

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Wastewater Fund, \$19 to the General Fund for planning services and \$145 of transfers between various County Service Areas.

The Airport Enterprise Fund transferred \$51 to the Pension Obligation Bond Fund for debt service.

The Capital Projects Fund transferred \$19 to the Golf Fund to replace a water line at the Morro Bay Golf Course.

Transfers from Nonmajor Enterprise funds included transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund (\$42) and transfers between various County Services Areas (\$47).

The Garage Internal Service Fund transferred \$46 to the General Fund for assets sales, and the Protected Self Insurance Internal Service Fund transferred \$228 to the General Fund and \$142 to the Capital Projects Fund for fire damage repair and equipment replacement costs. The Public Works Internal Service Fund transferred \$4 to the Capital Projects Fund for a Water Quality Lab remodel. Internal Service Fund transfers to nonmajor governmental funds represent contributions to the Pension Obligation Bond Debt Service Fund for debt service by the Public Works (\$785) and Garage (\$46) Internal Service Funds.

The Los Osos Wastewater Fund transferred \$3 of interest to the Flood Control Zone.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014 (in thousands) is as follows:

<u>Governmental Activities</u>	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Due within one year
Bonds and notes payable:					
Certificates of participation	\$ 25,662	\$ -	\$ 1,022	\$ 24,640	\$ 1,040
Unamortized discount on COP	(99)	-	(4)	(95)	-
Unamortized premium on COP	1,329	-	89	1,240	-
Pension Obligation Bonds	115,624	-	4,390	111,234	5,030
Total Bonds and notes payable	<u>142,516</u>	<u>-</u>	<u>5,497</u>	<u>137,019</u>	<u>6,070</u>
Other liabilities:					
Compensated absences	25,860	15,345	15,019	26,186	17,570
Landfill post-closure costs	4,151	602	539	4,214	405
Self insurance	18,832	4,485	5,001	18,316	3,487
Total other liabilities	<u>48,843</u>	<u>20,432</u>	<u>20,559</u>	<u>48,716</u>	<u>21,462</u>
Total Governmental Activities	<u>\$ 191,359</u>	<u>\$ 20,432</u>	<u>\$ 26,056</u>	<u>\$ 185,735</u>	<u>\$ 27,532</u>
Business-Type Activities					
Bonds and notes payable:					
Certificates of participation	\$ 17,920	\$ 1,062	\$ 725	\$ 18,257	\$ 743
Unamortized premium on COP	492	-	33	459	-
State notes	34,399	13,654	1,524	46,529	1,569
Revenue bonds	190,389	-	3,219	187,170	3,357
Unamortized premium on Revenue Bonds	5,945	-	213	5,732	-
General obligation bonds	9,890	-	360	9,530	375
Unamortized premium on General obligation bonds	1,015	-	56	959	-
Assessment bonds	39,527	38,119	1,208	76,438	1,244
Total bonds and notes payable	<u>299,577</u>	<u>52,835</u>	<u>7,338</u>	<u>345,074</u>	<u>7,288</u>
Other liabilities:					
Compensated absences	297	137	146	288	171
Total other liabilities	<u>297</u>	<u>137</u>	<u>146</u>	<u>288</u>	<u>171</u>
Total Business-Type Activities	<u>\$ 299,874</u>	<u>\$ 52,972</u>	<u>\$ 7,484</u>	<u>\$ 345,362</u>	<u>\$ 7,459</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2014 are summarized as follows:

Governmental Activities					
Year Ended June 30,	Certificates of Participation		Pension Obligation Bonds		
	Principal	Interest	Principal	Interest	
2015	\$ 1,040	\$ 1,032	\$ 5,030	\$ 4,140	
2016	1,073	1,002	5,715	3,911	
2017	1,116	958	6,460	3,644	
2018	1,159	913	7,265	3,336	
2019	1,207	865	3,610	7,506	
2020-2024	6,810	3,531	60,394	31,972	
2025-2029	6,926	1,924	17,457	47,138	
2030-2034	2,845	930	5,303	18,421	
2035-2039	2,464	247	-	-	
Total	\$ 24,640	\$ 11,402	\$ 111,234	\$ 120,068	

Business-Type Activities						
Year Ended June 30,	Certificates of Participation		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 743	\$ 815	\$ 1,569	\$ 753	\$ 3,357	\$ 9,337
2016	766	789	1,616	706	3,503	9,192
2017	800	758	1,665	657	3,665	9,026
2018	828	726	2,207	1,005	3,850	8,837
2019	867	691	2,233	943	4,050	8,636
2020-2024	4,959	2,823	11,636	3,741	23,675	39,763
2025-2029	5,760	1,472	10,614	2,284	30,530	32,874
2030-2034	2,158	394	4,884	1,240	39,425	23,982
2035-2039	463	228	3,582	870	50,910	12,491
2040-2044	526	136	3,955	497	24,205	1,155
2045-2049	387	44	2,568	103	-	-
Total	\$ 18,257	\$ 8,876	\$ 46,529	\$ 12,799	\$ 187,170	\$ 155,293

Business-Type Activities (continued)					
Year Ended June 30,	General Obligation Bonds		Assessment Bonds		
	Principal	Interest	Principal	Interest	
2015	\$ 375	\$ 461	\$ 1,244	\$ 2,069	
2016	395	445	1,271	2,050	
2017	410	429	1,307	2,015	
2018	425	413	1,343	1,978	
2019	440	394	1,388	1,941	
2020-2024	2,560	1,623	7,508	9,105	
2025-2029	3,325	847	8,619	7,997	
2030-2034	1,600	82	9,897	6,726	
2035-2039			11,358	5,267	
2040-2044			13,025	3,594	
2045-2049			14,946	1,673	
2050-2051			4,532	99	
Total	\$ 9,530	\$ 4,694	\$ 76,438	\$ 44,514	

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Long-term liabilities at June 30, 2014 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2014
<u>Governmental Activities</u>						
Certificates of Participation						
<u>2007 Series A</u> Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities.	2/8/2007	2037	4% - 4.25%	\$304 - \$308	5,090	4,470
<u>2008 Series A</u> Used to finance improvements to the Vineyard Drive Interchange. Debt service is provided by Development Fees.	1/23/2008	2038	4% - 4.625%	\$440 - \$451	7,325	6,495
<u>2012 Series A</u> Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance a portion of the new government center. Debt service is provided by semi-annual payments funded by general County revenues.	10/15/2012	2028	.5%-5.0%	\$1,034-1,289	14,427	13,675
Pension Obligation Bonds						
Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003 as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits.						
<u>2003 Series A Standard Bonds</u>	7/2/2003	2018	1.68% - 4.54%	\$2,164 - \$7,594	47,995	24,470
<u>2003 Series C Capital Appreciation Bonds</u>	7/2/2003	2031	5.27% - 5.73%	zero - \$15,000	44,199	44,199
<u>2009 Series A Term Bonds</u>	8/19/2009	2019	7.45%	\$3,171	42,565	42,565
					<u>\$161,601</u>	<u>\$135,874</u>
<u>Business-Type Activities</u>						
Certificates of Participation						
<u>USDA 2009</u> Used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.	4/30/2009	2049	4.375%	\$6 - \$86	1,631	1,553
<u>2011 Refunding Lopez Dam Remediation</u> Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Flood Control District for the use of the retrofitted facilities.	5/12/2011	2030	2.0% - 5.5%	\$928 - \$934	11,990	10,620
<u>2012 Series A</u> Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to the finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course.	10/15/2012	2028	.5%- 5.0%	\$381-\$475	5,323	5,045
<u>USDA 2013</u> Used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.	07/01/2013	2053	2.75%	\$18-\$67	1,062	1,039
					<u>\$20,006</u>	<u>\$18,257</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2014
Business-Type Activities (continued)						
State Notes						
The County has borrowed from the State of California Department of Water Resources and the California Department of Transportation to finance the construction of water systems in unincorporated areas and to construct hangars at the San Luis Obispo airport. State loans are repaid with water service revenue and hangar rental revenue.						
Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$1,358
Santa Margarita Water System	1999	2018	3.41%	\$36	513	132
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	183
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	21,770
Airport Hangars	2006	2025	4.6124%	\$334	4,734	2,414
Airport Hangars	2007	2025	4.6557%	\$86	1,000	731
Los Osos Waste Water Project	2012	2046	2.0%	\$336-\$598	19,941	19,941
					<u>\$55,469</u>	<u>\$46,529</u>

Revenue Bonds

<u>1976 Water Bond-County Service Area 16</u>						
	4/1/1976	2016	5.00%	\$7 - \$9	\$135	\$15
Used to improve the Shandon Water System. Debt service is provided primarily by water sales revenues.						
<u>2007 Nacimiento Pipeline Project Series A</u>						
	9/26/2007	2040	3.75% - 5.0%	\$7,658 - \$10,048	157,845	150,250
<u>2007 Nacimiento Pipeline Project Series B</u>						
	9/26/2007	2040	5.196% - 5.571%	\$2,132 - \$2,646	38,565	36,905
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						
					<u>\$196,545</u>	<u>\$187,170</u>

General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>						
	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	\$10,760	\$9,530
Used to refund the 2000 A GO issue. The original GO Bonds were used to improve and Retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						

Assessment Bonds						
	2012	2037	2.75%	\$1,609 - \$3,245	<u>\$77,656</u>	<u>\$76,438</u>
Issued to the USDA to finance the construction of the Los Osos Waste Water Project. Debt Service will be provided by amounts levied against property owners who benefit from the project.						

Public Facilities Corporation

The San Luis Obispo County Public Facilities Corporation (PFC) was incorporated on 9/7/1994. The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Financing Authority

The San Luis Obispo County Financing Authority was formed on 8/22/2000 as a joint exercise of powers authority between the County and the Flood Control District, which administers Lopez Dam. The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the members.

Description of Long-Term Lease Arrangements

The County formed the Public Facilities Corporation and the Financing Authority for the purpose of issuing debt. On behalf of the County, these two entities issued all currently outstanding certificates of participation and the Lopez Dam remediation general obligation bond. Therefore, the County makes semi-annual lease payments in

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

lieu of debt service to these entities from a variety of sources including State and Federal revenues, penalty assessments, golf course fees, water contract payments, and property taxes. For lease payment details, see above schedules for specific type of debt.

Description of Special Assessment Bonds

Special assessment debt has been issued to provide funds for the construction of streets, utility and water delivery systems. These bonds will be repaid from amounts levied against the property owners benefited by this construction.

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2014 totals \$2,078 with interest rates from 3.5% to 6.85%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$26,474 at June 30, 2014. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

The liability for compensated absences is typically liquidated from the Parks, County Medical Services Program, Driving Under the Influence Program, Library and General funds.

Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$538,249 with a margin of \$528,719.

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service. During the current year, the County performed calculations of excess investment earnings and at June 30, 2014 had an arbitrage liability of \$687,749.

11. NET POSITION/FUND BALANCES

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Net position invested in capital assets, net of related debt at June 30, 2014 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,112,934
Business-type activities	<u>188,485</u>
Total	<u>\$ 1,301,419</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net position at June 30, 2014 is \$17,880 restricted due to enabling legislation.

Restricted net position at June 30, 2014 for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors related professional services	\$ 1
Purchase obligations for Administrative Office related professional services	6
Purchase obligations for Risk Management related professional services and supplies	83
Purchase obligations for Human Resources related professional services	57
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	57
Purchase obligations for County Counsel related professional services	52
Purchase obligations for Capital Project report software	32
Purchase obligations for General Services related professional services	15
Purchase obligations for building maintenance projects	32
Purchase obligations for Information Technology related professional services, equipment and training	153
Purchase obligations for capital projects	57
Claims, contracts and other restrictions	1,560
<u>Public Protection</u>	
Purchase obligations for Agricultural Commissioner related furniture	7
Purchase obligations for Planning related software, equipment, and professional services	413
Purchase obligations for Waste Management related supplies and professional services	60
Purchase obligations for Probation related professional services and supplies	32
Purchase obligations for Public Defender related professional services	8
Purchase obligations for District Attorney related software support and update services	42
Purchase obligations for Sheriff-Coroner related supplies, equipment, and services	194
Purchase obligations for Animal Services equipment	9
Purchase obligations for Emergency Services related equipment and professional services	7
Purchase obligations for Flood Control related engineering and environmental services	776
Purchase obligations for fire protection training, software, and equipment	1,510
Purchase obligations for capital projects	8,541
<u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related professional services	19
Purchase obligations for Public Health related professional services and supplies	120
Claims, contracts and other restrictions	21
<u>Public Assistance</u>	
Purchase obligations for Social Services related supplies and professional services	53
Purchase obligations for Veterans' Services related supplies and professional services	329
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related professional services	8
Road maintenance and construction	6,871
Public facilities fees restricted for public facilities	11,010
Purchase obligations for capital projects	12

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	<u>Amount</u>
<u>Education</u>	
Purchase obligations for capital projects	97
Claims, contracts and other restrictions	3
 <u>Recreation and Culture</u>	
Purchase obligations for capital projects	167
Claims, contracts and other restrictions	4
<u>Debt Service</u>	<u>10,691</u>
Total Restricted Net Position	<u>\$ 43,109</u>

Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

Unrestricted net position at June 30, 2014 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 325,113
Business-type activities	<u>98,097</u>
Total	<u>\$ 423,210</u>

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints imposed on the use of resources reported in the funds. In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

As prescribed by GASB statement 54, the following classifications are used to identify the components of fund balance:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority. As prescribed by the State of California County Budget Act, fund balance commitments are established, modified or rescinded by resolution adopted by a four-fifths vote of the Board of Supervisors at regular or special meetings. The general reserve, however, is only established, cancelled, increased or decreased at the time of adopting the budget except in cases of legally declared emergency.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. As a practice, for financial statement presentation the County Auditor-Controller-Treasurer-Tax Collector assigns non-restricted and non-committed fund balance of the General Fund to its intended purpose. Assigned fund balance can be identified by departments and the County Administrative Officer for specific uses during the County's budgeting process. Budgets requested by departments require approval by the County Board of Supervisors.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2014 are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 98	\$ -	\$ -	\$ 98
Prepaid Items	348	-	-	348
Advances to other funds	333	-	-	333
Subtotal	779	-	-	779
<u>Restricted for:</u>				
Tax loss reserves	3,214	-	-	3,214
Public facilities	-	-	11,009	11,009
Traffic impact programs	-	-	6,871	6,871
Wildlife and grazing programs	-	-	18	18
Debt service	-	-	2,266	2,266
Subtotal	3,214	-	20,164	23,378
<u>Committed to:</u>				
Maintenance projects	4,852	-	-	4,852
Human resources projects	363	-	-	363
Assessor projects	307	-	-	307
Other general government	2,471	-	-	2,471
Planning programs	1,207	-	-	1,207
County fire programs	2,444	-	-	2,444
Sheriff programs	230	-	-	230
Other public protection	202	-	-	202
Public health programs	141	-	-	141
Behavioral health programs	19	-	-	19
Social Services programs	53	-	-	53
Veteran's Services programs	459	-	-	459
Public works engineering & consulting services	87	-	-	87
Fish and game programs	-	-	200	200
Flood control programs	-	-	19,512	19,512
Lighting programs	-	-	487	487
Community development programs	-	-	404	404
Medical services programs	-	-	1,033	1,033
Emergency medical services	-	-	837	837
Roads	-	-	9,965	9,965
Community service areas	-	-	1,291	1,291
Driving under the influence programs	-	-	689	689
Library	-	-	1,283	1,283
Parks	-	-	4,414	4,414

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
General reserve	\$ 9,000	\$ -	\$ -	\$ 9,000
Fire equipment	114	-	-	114
Pension Obligation Bonds	7,189	-	-	7,189
Internal financing	4,163	-	-	4,163
Solar plant mitigation	11,851	-	-	11,851
Automation projects	12,807	-	-	12,807
Building replacement	19,424	-	-	19,424
Organizational development	1,775	-	-	1,775
Tax reduction reserve	37,289	-	-	37,289
Lease financing	493	-	-	493
Capital Projects	-	25,700	-	25,700
Debt service	-	-	8,425	8,425
Subtotal	116,940	25,700	48,540	191,180
<u>Assigned to:</u>				
Tax reduction reserve	22,187	-	-	22,187
General government	13,139	-	-	13,139
Clerk Recorder programs	2,401	-	-	2,401
Waste Management programs	2,123	-	-	2,123
District Attorney programs	2,418	-	-	2,418
Sheriff programs	5,035	-	-	5,035
Probation programs	3,235	-	-	3,235
Planning programs	1,334	-	-	1,334
Other public protection programs	914	-	-	914
Social Services programs	1,552	-	-	1,552
Foster Care/Adoption programs	8,517	-	-	8,517
Other Public assistance programs	2,117	-	-	2,117
Public ways and facilities	1,309	-	-	1,309
Public Health programs	2,412	-	-	2,412
Behavioral Health programs	12,576	-	-	12,576
Recreation programs	46	-	-	46
Subsequent Fiscal Year Budget	36,851	-	-	36,851
Imprest cash	82	-	-	82
Subtotal	118,248	-	-	118,248
Total	\$ 239,181	\$ 25,700	\$ 68,704	\$ 333,585

12. LAPSING ENCUMBRANCES

The County allows some encumbrances to lapse at year-end and then automatically reappropriates them as part of the subsequent year's budget.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The following is a summary of lapsing encumbrances at June 30, 2014 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 1,904
Health & Sanitation	2,482
Public Protection	2,599
Public Assistance	626
Public Ways and Facilities	7,695
Education	4
Recreation	905
Total Lapsing Encumbrances	<u>\$ 16,215</u>

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District), a blended component unit of the County, began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water contract will total \$28,351,609 over the next 21 years. The estimated amounts vary by year. For example, the principal amount due in 2014 is \$867,739 while \$2,004,774 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035, and during 2013 the State began formal contract extension negotiations with the District and all of the other State Water contractors. The negotiations are still in progress.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2014.

15. LANDFILL POSTCLOSURE CARE COSTS

The Los Osos Landfill is a closed facility under the responsibility of the County. State and federal laws and regulations require the County of San Luis Obispo to perform various maintenance and monitoring activities at the site. By agreement with the land owner, the County assumed responsibility for all closure and postclosure costs when the facility stopped accepting waste. As of this date, the landfill closure is complete and only postclosure costs remain.

The remaining estimated liability for landfill postclosure cost as of June 30, 2014 is \$4,213,548 (in 2014 dollars). Of this \$3,177,569 is for the Maintenance Cost and \$1,035,979 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated May 8, 2012 and the Engineers Estimate of Corrective Action for a Foreseeable Release dated March 23, 2011. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

16. DEFINED BENEFIT PENSION PLAN

Plan Description

The County of San Luis Obispo (the "County") contributes to the San Luis Obispo County Employees Retirement Plan (the "Plan"), which is an independent multiple-employer cost sharing contributory defined benefit pension plan for employees of the County of San Luis Obispo, employees of the Superior Court in San Luis Obispo County, employees of the San Luis Obispo Local Agency Formation Commission, employees of the San Luis Obispo Air Pollution Control District and employees of the San Luis Obispo County Pension Trust (the "Employer"). The Plan exists, operates and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and the Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

Pursuant to the foregoing California Government Code provisions, the County of San Luis Obispo Board of Supervisors established the San Luis Obispo County Pension Trust (the "Trust") by the adoption of Chapter 2.56 of the San Luis Obispo County Code. Following the adoption of Chapter 2.56 of the County Code, the Board of Supervisors adopted the By-Laws of the Pension Trust. The San Luis Obispo County Employees Retirement Plan is part of those By-Laws. The County of San Luis Obispo Board of Supervisors may amend the Plan's provisions.

Participation in the Plan is mandatory for all regular employees. Participants are currently broken into 3 Tiers depending on date of hire. The Trust and the Plan are both administered by the San Luis Obispo County Pension Trust Board of Trustees (the "Trustees"). Separate stand-alone financial statements are issued for the Plan and are available at the County of San Luis Obispo Auditor-Controller-Treasurer-Tax Collector's office.

Benefit Provisions

Plan participants, upon attaining the normal retirement age of 55 for Safety employees and Probation Officers and 60 for Miscellaneous employees, are entitled to annual retirement benefits as defined in the Plan document. The applicable retirement formula, minimum retirement age, compensation base, post-retirement cost of living adjustment, cost of living adjustment carry over, and final compensation maximum may differ depending upon the Plan provisions in effect at the member's date of hire, the member's classification, the member's age, and the member's bargaining unit. Participants receive their accumulated plan benefits as a life annuity payable monthly upon retirement. In the event of total and permanent disability, participants, upon satisfaction of membership service requirements and other applicable provisions of the Plan, receive disability benefits as defined in the Plan document. The Plan provides for an Annual Cost of Living Adjustment (COLA) based on the Consumer Price Index as approved by the Board of Trustees. The Plan also provides death benefits for both active and retired participants. The participants' accumulated contributions may be withdrawn at any time should the participant leave the employment of the Employer prior to retirement.

Summary of Significant Accounting Policies

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting. The Plan uses the calendar year for financial reporting purposes.

Assets are invested and held pursuant to, and in accordance with, the Investment Policy of the Plan that is established by the Trustees. Investments including corporate notes, bonds, collateralized mortgage obligations, equities, futures, real estate investment funds, equity real estate holdings, alternative investments, and other short-term cash investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price or at year-end closing prices as quoted by an independent securities valuation company. Investments that do not have an established market are reported at estimated fair value.

Contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as earned by the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation (depreciation) in fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments at year-end.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The Plan’s financial statements as a whole are presented in conformance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standard Board (GASB). GASB requires certain disclosures and also requires local government pensions to report using the full accrual method of accounting. The Plan’s statements comply with all material requirements of these pronouncements. They are presented in conformance with GASB Statement No. 25, “Financial Reporting for Defined Benefit Pension Plans;” GASB Statement No. 34, “Basic Financial Statements;” GASB Statement No. 37 “Management’s Discussion and Analysis for State and Local Governments;” and GASB Statement No. 40, “Deposit and Investment Risk Disclosures.

Third Party Transactions – There were no investments in loans or investments in leases with parties related to the Trust, Plan or Trustees.

Concentrations – As of December 31, 2013, the Trust held no investments of a single issuer comprising 5% or more of the Plan Net Position.

Funding Policy – The Trustees establish and may amend the funding policy with the goal of providing guidelines for the process to be utilized in determining the Annually Required Contribution (ARC) rate. The Trustees recommend to Board of Supervisors changes to the ARC based on the advice of the Plan Actuary in conjunction with the findings of the Annual Actuarial Valuation. The Actuarial Cost Method used to determine the ARC is the Entry Age Normal Cost Funding Method. This method is one of the actuarial methods authorized under GASB 27. Participants were required to contribute to the Plan for the 2013 calendar year at rates ranging from 3.75% to 24.55% of includable compensation as defined in the Plan document, depending upon the hire date, age of hire, and the collective bargaining agreement under which the participant is covered. The rates charged to the Employer were established at a range of 14.19% to 28.39% of payroll. There were no legal or contractual maximum contribution rates in effect during 2013.

During June of 2013, the Board of Trustees unanimously passed the recommendation for an increase of 0.94% to the total contribution rate as recommended by the Actuary in the January 1, 2013 Actuarial Evaluation. The increased total contribution rate took into consideration: a) continuing with the remaining 27 years of the 30 year amortization for unfunded liabilities that was reset in 2010 to 30 years; b) continuing the smoothing of the 2008 asset loss to a 10-year basis instead of the 5-year smoothing applied otherwise. The Employers implemented the increased total contribution rates for the majority of members in Tier 1 and Tier 2 effective December 22, 2014 depending on bargaining unit. The increase was adjusted to 0.97% to account for the deferred implementation. Tier 3 rates were unchanged.

Total contributions and appropriations to the Plan in 2013 amounted to \$55,013,425. Of this total, \$30,795,872 was regular Employer appropriations. Employee contributions amounted to \$24,217,553. The Employee contributions did not include Employee Additional Voluntary Contributions of \$84,620 and County Additional for Employee Contributions of \$157,565. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 2013.

Annual Pension Cost and Net Pension Asset

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2014, (based on an actuarial valuation report as of December 31, 2013) were as follows (in thousands):

	<u>Amount</u>
Annual Required Contribution (ARC)	\$ 33,417
Interest on beginning net pension asset	(9,796)
Adjustment to the ARC	<u>7,939</u>
Annual Pension Cost (APC)	31,560
Employer contributions made	<u>30,796</u>
Increase (decrease) in net pension asset	(764)
Net pension asset / (obligation), beginning of year	<u>135,119</u>
Net pension asset / (obligation), end of year	\$ <u>134,355</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Three-Year Trend Information

Year Ended	Annual Pension	Contribution	Percentage of APC	Net Pension
<u>June 30</u>	<u>Cost (APC)</u>		<u>Contributed</u>	<u>Asset</u>
2012*	\$27,195	\$30,436	112%	\$133,214
2013*	\$29,036	\$30,941	107%	\$135,119
2014*	\$31,560	\$30,796	98%	\$134,355

*Based on an Actuarial Valuation date January 1

Annual Pension Costs and Net Pension Asset figures are taken directly from the Annual Actuarial Valuation as of December 31, 2013.

The Net Pension Asset is allocated among various reserves. For the year ended December 31, 2013, these reserves were generally credited with interest at the rate of 6.75% for member deposits and 7.25% for other reserves (Current, Retirees and Beneficiaries, Cost of Living). In addition any additional employee or additional employer for employee contributions, as well as compounded interest credited to these additional contributions, earned interest at the rate of 2.30%. Any interest or dividends earned in excess of the amount required to be credited to the various reserves is accumulated in the contingency reserve account.

Funded Status

The Plan's funded status based upon the most recent actuarial valuation performed by Gabriel, Roeder Smith and Company as of December 31, 2013 and dated January 1, 2014 is as follows:

Schedule of Funded Status

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) Funding Excess)	Funded Ratio (a/b)	Annual Covered Payroll (c)	(Funding Excess) UAAL as a Percentage of Covered Payroll (b-a)/c
Jan 1	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
2014	\$1,182,924	\$1,518,751	\$335,827	77.9%	\$164,704	203.9%

The Actuarial Value of Assets was determined on a market related blend basis, with each year's gains and losses smoothed over a five year period for all years except 2008. The loss in 2008 was smoothed over a ten year period.

Disclosure of Information about Actuarial Methods and Assumptions

The Schedule of Funding Progress included as Required Supplementary Information immediately following the Notes to the Financial Statements presents multi-year trend information about whether the Actuarial Value of Plan Assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of cost sharing between the employers and plan members to that point. The projection of benefits for financial reporting does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and the future plan members to that point in time.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Latest Actuarial Valuation Methods and Assumptions

Contributions were made in accordance with actuarially determined requirements. A variety of significant actuarial assumptions are used to determine the contributions required. These assumptions are summarized below:

Valuation Date:	December 31, 2013 (January 1, 2014)
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years declining, Closed Method
Remaining Amortization Period	26 years
Asset Valuation Method	Market Related Blend, Five-year smoothing for all years except 2008, which was smoothed over 10 years
Actuarial Assumptions:	
Investment Rate of Return	7.25% effective annual interest rate
Inflation Rate Assumption	2.75% per year
Base Annual Rate of Compensation Increase	3.25% (including inflation)
Payroll Growth Rate	3.75% per year
Cost-of-Living Adjustments	2.75% for Tier 1/ 2.00% for Tier 2 and Tier 3

Amortization of Unfunded Actuarial Liabilities is done as a level percent of payroll over 26 years (27 years was used in the previous valuation) for funding computation.

The Schedule of Funding progress included as Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

17. POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Benefits

The County administers a single-employer defined postemployment benefit (OPEB) plan. Employees retiring from the County with at least 50 years of age and 5 years of service may continue to purchase healthcare coverage, if they select one of the plans offered under the County's contract with the state's California Public Employee Retirement System (CalPERS.) The County assists eligible retirees by paying a portion of their premiums for medical care.

In April 2010 the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to prefund the future cost of retiree health insurance benefits. The CERBT's administrator, CalPERS, issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811. CalPERS does not provide a separate, audited GAAP-basis postemployment benefit plan report for the County's discrete information.

Funding Policy

The CalPERS contract requires that the County contribute certain minimum amounts for each retiree's health insurance. If the County selected another provider for health insurance coverage these minimum amounts might not apply. However, the County has been using CalPERS for medical coverage since 1990, and currently has not expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit and for calendar year 2013 ranged from \$115 to \$139 per month. The subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual OPEB Cost and Net OPEB Asset

The County's annual Other Post Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) less (b) one year's interest on the beginning balance of the net OPEB asset plus/minus (c) any adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a thirty year open period. The ARC of \$1,244 for the fiscal year ended June 30, 2014 includes the normal cost for current active employees of \$628 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$616. The following table shows the components of the Net OPEB Asset as of June 30, 2014:

Annual required contribution (ARC)	\$1,244
Interest on prior year net OPEB asset	(140)
Adjustment to ARC	375
Annual OPEB Cost	<u>1,479</u>
Contributions made	<u>1,819</u>
Increase (decrease) in net OPEB obligation	(340)
Net OPEB obligation (asset) – beginning of year	<u>(1,974)</u>
Net OPEB obligation (asset) – end of year	<u>(\$2,314)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB Obligation (Asset) for the fiscal year ended 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2012	\$1,625	\$1,698	105%	(\$2,068)
2013	\$1,632	\$1,537	94%	(\$1,974)
2014	\$1,479	\$1,819	123%	(\$2,314)

Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2014 (based on the County's June 30, 2012 actuarial valuation) is as follows:

Actuarially accrued liability	\$22,808
Actuarial value of plan assets	<u>(11,105)</u>
Unfunded actuarially accrued liability	<u>\$11,703</u>
Funded ratio (actuarial value of plan assets/AAL)	48.69%
Covered payroll (active plan members)	\$154,555
UAAL as a percentage of covered payroll	7.57%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

In the County's June 30, 2013 actuarial valuation the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.10% investment rate of return, an inflation rate of 3.75% per year, and assumed future medical inflation of 4% per year. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years.

The Schedule of Funding progress included as Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

18. CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the FY 2013-14 implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County no longer amortizes the costs of debt issuance. Instead, debt issuance amounts are expensed as incurred. Accordingly, the County expensed the remaining balances of unamortized debt issuance costs. The adjustment is shown as a cumulative effect of change in accounting principal in the current fiscal year which resulted in a reduction of Net Position of \$1,790 for governmental activities and \$2,784 for business-type activities. Total impact to Net Position is a decrease of \$4,574.

19. SUBSEQUENT EVENT

Current provisions of the County's Retirement Plan permit the County to prepay its obligation to the Pension Trust on an annual basis. On May 6, 2014 the County Board of Supervisors approved an agreement for an advance payment of \$43.3 million representing the County's FY 2014-15 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment was made on July 8, 2014 and resulted in a savings of \$1.4 million to the County.

20. SPECIAL ITEM

The Los Osos Community Services District filed for Chapter 9 bankruptcy on August 25, 2006. The following month, Governor Schwarzenegger signed Assembly Bill 2701 which allowed the County to assume responsibility for the Los Osos Wastewater Project which consists primarily of a wastewater collection system and treatment plant. The County has worked closely with the District to ensure that county-wide taxpayers do not inherit a financial burden as a result of the bankruptcy. As part of the settlement and resolution of the District bankruptcy the County paid \$2.8 million in FY 2013-14 in exchange for the District's assignment to the County of all its rights and obligations under its Solid Waste Franchise Agreement with Waste Connections, Inc., and Mission Country Disposal. Although the Franchise Agreement automatically terminates on August 31, 2023 (subject to a thirty-six month extension option by the County), the County reserved the right to enter into subsequent exclusive franchise agreements for solid waste collection services within the District boundaries.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress – Defined Benefit Retirement Plan
- Schedule of Funding Progress – Other Post Employment Benefits Plan (OPEB)
- Budgetary Comparison Schedule – General Fund
- Notes to required supplementary information

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION**

COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
SAN LUIS OBISPO COUNTY PENSION TRUST SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

Actuarial Valuation Jan 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
2005	\$651,751	\$715,085	\$63,334	91.1%	\$135,189	46.8%
2006	\$700,060	\$831,290	\$131,230	84.2%	\$143,902	91.2%
2007	\$759,758	\$994,861	\$253,103	76.4%	\$152,117	154.6%
2008	\$829,764	\$1,057,124	\$277,360	78.5%	\$162,436	140.0%
2009	\$875,602	\$1,150,214	\$274,612	76.1%	\$168,677	162.8%
2010	\$937,279	\$1,216,153	\$278,874	77.1%	\$160,444	173.8%
2011	\$1,000,169	\$1,282,058	\$281,889	78.0%	\$161,783	174.2%
2012	\$1,057,922	\$1,378,549	\$320,627	76.7%	\$161,055	199.1%
2013	\$1,122,151	\$1,468,001	\$345,850	76.4%	\$164,299	210.5%
2014	\$1,182,924	\$1,518,751	\$335,827	77.9%	\$164,704	203.9%

Separate stand-alone financial statements were issued for the Pension Plan and are available at the County of San Luis Obispo Auditor-Controller's office located at the County Government Center Room D220, San Luis Obispo, CA 93408.

COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
SAN LUIS OBISPO COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

Actuarial Valuation Dec 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
2009	\$6,324	\$19,718	\$13,394	32.1%	\$154,282	8.6%
2011*	\$8,775	\$21,185	\$12,410	41.42%	\$152,893	8.1%
2013*	\$11,105	\$22,808	\$11,703	48.69%	\$154,555	7.6%

*Valuation Date 6/30/2011 and 6/30/2013

Source: Gabriel Roeder Smith & Company "San Luis Obispo County Retiree Health Care Plan Actuarial Valuation Report". The 2009 actuarial value of assets represent fiscal year 2009/2010 CERBT contributions of \$6.3 million. The 2011 actuarial value of assets represent fiscal year 2010/2011 CERBT contributions of \$8.7 million. The 2013 actuarial value of assets represent fiscal year 2011/2012 CERBT contributions of \$11.1 million.

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 141,626	\$ 143,234	\$ 167,004	\$ 23,770
Licenses, permits, and franchises	9,641	9,641	10,694	1,053
Fines, forfeits, and penalties	4,159	4,776	1,288	(3,488)
Use of money and property	584	584	575	(9)
Aid from other governmental agencies	194,625	207,686	195,037	(12,649)
Charges for services	28,515	30,120	28,948	(1,172)
Other revenue	3,782	5,007	4,129	(878)
Total Revenues	<u>382,932</u>	<u>401,048</u>	<u>407,675</u>	<u>6,627</u>
Expenditures:				
Current:				
General government	44,281	51,512	39,905	11,607
Public protection	150,665	158,435	143,703	14,732
Public ways and facilities	1,956	2,637	2,045	592
Health and sanitation	71,931	75,742	68,377	7,365
Public assistance	100,845	107,617	94,528	13,089
Education	475	480	441	39
Contingencies	15,551	15,233	--	15,233
Total Expenditures	<u>385,704</u>	<u>411,656</u>	<u>348,999</u>	<u>62,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,772)</u>	<u>(10,608)</u>	<u>58,676</u>	<u>69,284</u>
Other Financing Sources (Uses):				
Transfers in	445	876	307	(569)
Transfers out	(25,090)	(25,214)	(23,047)	2,167
Total Other Financing Sources (Uses)	<u>(24,645)</u>	<u>(24,338)</u>	<u>(22,740)</u>	<u>1,598</u>
Net change in fund balances	(27,417)	(34,946)	35,936	70,882
Fund balances, beginning	<u>162,787</u>	<u>162,787</u>	<u>162,787</u>	<u>--</u>
Fund balances, ending	<u>\$ 135,370</u>	<u>\$ 127,841</u>	<u>\$ 198,723</u>	<u>\$ 70,882</u>

Continued

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "Total Revenues" from the Budgetary Comparison Schedule	\$ 407,675
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	2,175
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 409,850</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 348,999
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	4,412
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 353,411</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (22,740)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	583
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (22,157)</u>

**COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

1. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY ACCOUNTING

In accordance with the provisions of Sections 29000 through 29144 inclusive of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final budget on or before August 30th for each fiscal year. The County operation, commencing July 1st, is governed by the proposed budget, adopted by the Board of Supervisors, in June of the prior year unless the final budget is adopted before June 30.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2014 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

An operating budget is adopted each fiscal year for Governmental Funds on a basis consistent with generally accepted accounting principles. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year end are completed or purchase commitments satisfied. Such year end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year end.

All Governmental, Enterprise, and Internal Service Funds that are under the control of the Board of Supervisors, have legally adopted annual budgets except for the Public Facilities Corporation debt service fund. Although the Enterprise and Internal Service Funds have adopted budgets, there is no appropriation of expenditures and these budgets only serve as spending plans for the year.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the department/budget unit and object level except for capital assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges, capital assets, and contingencies. Sub-object levels of expenditures for capital assets are land, structures and improvements, and equipment.

B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

During the current fiscal year, no governmental funds had excess expenditures over the related appropriations at the legal level of budgetary control.



OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

Debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

San Luis Obispo County Public Facilities Corporation (PFC)

The PFC is a non-profit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Pension Obligation Bonds

The Pension Obligation Bonds debt service fund is used to account for the accumulation of monies for payment of taxable pension obligation bonds. These bonds were issued to fund the County's unfunded actuarial accrued liability (UAAL).

San Luis Obispo County Public Financing Authority (PFA)

The PFA is a joint exercise of powers authority created to assist in the financing, construction, and equipping of public facilities for its members.

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for revenues that are restricted by law or administrative actions to expenditures for specified purpose. Nonmajor special revenue funds used by the County are listed below:

Community Development Program

Accounts for pass through grants from Housing and Urban Development (HUD) entitlements to be distributed to the County and other local agencies.

County Medical Services Program (CMSP)

Accounts for resources used to provide for the County Medical Services program which provides medical care for indigents pursuant to the County's obligation under Welfare and Institution Code Section 17000 et seq.

Emergency Medical Services

Accounts for payments to physicians, hospitals, and other providers of emergency medical care from revenues imposed and collected by the courts.

Driving Under the Influence Programs

Accounts for resources collected from persons convicted of driving under the influence to provide education and rehabilitation programs.

Fish & Game

Accounts for funds generated by fines levied as a result of Fish and Game violations.

Road Impact Fees

Accounts for resources collected from developers to add, maintain, and improve roads in specific areas where the fees were allocated.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Library

Accounts for resources used to provide library services throughout the county.

Parks

Accounts for resources used to provide parks and recreational services countywide.

Public Facilities Fees

Accounts for resources collected from the building permit process to build public facilities such as fire and law enforcement stations, library and general government structures.

Roads

Accounts for resources used to maintain the county road system.

Wildlife & Grazing

Accounts for resources used to provide for range improvements and the control of predators.

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

Accounts for resources used to provide control and conservation of flood and storm waters, which are mutually exclusive of Enterprise Flood Control District funds.

Lighting Districts

Accounts for resources used to provide street lighting in unincorporated areas of the county.

County Service Areas

Accounts for resources used to provide for water and sewer services which are mutually exclusive of Enterprise Fund County Service Areas.

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,912	\$ 58,713	\$ 67,625
Restricted cash with fiscal agent	2,266	--	2,266
Accounts receivable	--	7,546	7,546
Due from other governments	--	3,063	3,063
Advances to other funds	--	620	620
Other assets	6,070	--	6,070
	<u>6,070</u>	<u>--</u>	<u>6,070</u>
 Total Assets	 <u>\$ 17,248</u>	 <u>\$ 69,942</u>	 <u>\$ 87,190</u>
<u>LIABILITIES</u>			
Salaries and benefits payable	\$ --	\$ 283	\$ 283
Accounts payable	--	2,484	2,484
Deposits from others	--	858	858
Unearned revenue	--	5,033	5,033
Other current liabilities	6,070	--	6,070
Advances from other funds	487	1,608	2,095
Total Liabilities	<u>6,557</u>	<u>10,266</u>	<u>16,823</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	<u>--</u>	<u>1,663</u>	<u>1,663</u>
<u>FUND BALANCES</u>			
Restricted	2,266	17,898	20,164
Committed	8,425	40,115	48,540
Total Fund Balances	<u>10,691</u>	<u>58,013</u>	<u>68,704</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 17,248</u>	 <u>\$ 69,942</u>	 <u>\$ 87,190</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,761	\$ 10,761
Fines, forfeits and penalties	--	644	644
Use of money and property	8	213	221
Aid from other governmental agencies	--	30,649	30,649
Charges for current services	2,070	15,602	17,672
Other revenues	600	1,506	2,106
Total revenues	<u>2,678</u>	<u>59,375</u>	<u>62,053</u>
<u>Expenditures:</u>			
Current:			
Public protection	--	4,452	4,452
Public ways and facilities	--	26,483	26,483
Health and sanitation	--	6,209	6,209
Public assistance	--	4,914	4,914
Education	--	11,764	11,764
Recreation and cultural services	--	7,993	7,993
Debt service:			
Principal payments	5,412	--	5,412
Interest and fiscal charges	5,419	--	5,419
Total expenditures	<u>10,831</u>	<u>61,815</u>	<u>72,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,153)</u>	<u>(2,440)</u>	<u>(10,593)</u>
<u>Other financing sources (uses):</u>			
Transfers in	9,204	13,169	22,373
Transfers out	--	(2,802)	(2,802)
Total other financing sources and (uses)	<u>9,204</u>	<u>10,367</u>	<u>19,571</u>
Net changes in fund balances	1,051	7,927	8,978
Fund balances - beginning	<u>9,640</u>	<u>50,086</u>	<u>59,726</u>
Fund balances - ending	<u>\$ 10,691</u>	<u>\$ 58,013</u>	<u>\$ 68,704</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2014 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 903	\$ 8,008	\$ 1	\$ 8,912
Restricted cash with fiscal agent	451	--	1,815	2,266
Other assets	280	5,030	760	6,070
Total Assets	\$ 1,634	\$ 13,038	\$ 2,576	\$ 17,248
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Other current liabilities	\$ 280	\$ 5,030	\$ 760	\$ 6,070
Advances from other funds	--	--	487	487
Total Liabilities	280	5,030	1,247	6,557
Fund Balances:				
Restricted	451	--	1,815	2,266
Committed	903	8,008	(486)	8,425
Total Fund Balances	1,354	8,008	1,329	10,691
Total Liabilities and Fund Balances	\$ 1,634	\$ 13,038	\$ 2,576	\$ 17,248

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2014 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>Revenues:</u>				
Use of money and property	\$ --	\$ 8	\$ --	\$ 8
Charges for current services	756	--	1,314	2,070
Other revenues	--	600	--	600
Total revenues	<u>756</u>	<u>608</u>	<u>1,314</u>	<u>2,678</u>
<u>Expenditures:</u>				
Debt service:				
Principal payments	270	4,390	752	5,412
Interest and fiscal charges	487	4,370	562	5,419
Total expenditures	<u>757</u>	<u>8,760</u>	<u>1,314</u>	<u>10,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(8,152)</u>	<u>--</u>	<u>(8,153)</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	9,204	--	9,204
Total other financing sources and (uses)	<u>--</u>	<u>9,204</u>	<u>--</u>	<u>9,204</u>
Net changes in fund balances	(1)	1,052	--	1,051
Fund balances - beginning	<u>1,355</u>	<u>6,956</u>	<u>1,329</u>	<u>9,640</u>
Fund balances - ending	<u>\$ 1,354</u>	<u>\$ 8,008</u>	<u>\$ 1,329</u>	<u>\$ 10,691</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014 (in thousands)

	<u>Community Development</u>	<u>CMSP</u>	<u>Emergency Med Services</u>	<u>Driving Under the Influence Pgms</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 495	\$ 1,051	\$ 301	\$ 724
Accounts receivable	--	--	--	--
Due from other governments	--	--	536	--
Advances to other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 495</u>	<u>\$ 1,051</u>	<u>\$ 837</u>	<u>\$ 724</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 50	\$ 7	\$ --	\$ 8
Salaries and benefits payable	--	11	--	27
Deposits from others	41	--	--	--
Unearned revenue	--	--	--	--
Advances from other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>91</u>	<u>18</u>	<u>--</u>	<u>35</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>				
Restricted	--	--	--	--
Committed	404	1,033	837	689
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>404</u>	<u>1,033</u>	<u>837</u>	<u>689</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 495</u>	<u>\$ 1,051</u>	<u>\$ 837</u>	<u>\$ 724</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2014 (in thousands)

	<u>Fish and Game</u>	<u>Road Impact Fees</u>	<u>Library</u>	<u>Parks</u>	<u>Public Facilities Fees</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 204	\$ 7,152	\$ 2,862	\$ 5,117	\$ 11,029
Accounts receivable	--	--	--	65	--
Due from other governments	--	--	--	24	--
Advances to other funds	--	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 204</u>	<u>\$ 7,152</u>	<u>\$ 2,862</u>	<u>\$ 5,206</u>	<u>\$ 11,029</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 4	\$ --	\$ 37	\$ 159	\$ --
Salaries and benefits payable	--	--	139	106	--
Deposits from others	--	--	--	215	20
Unearned revenue	--	--	380	--	--
Advances from other funds	--	281	1,023	182	--
Total Liabilities	<hr/> <u>4</u>	<hr/> <u>281</u>	<hr/> <u>1,579</u>	<hr/> <u>662</u>	<hr/> <u>20</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	--	--	--	130	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>					
Restricted	--	6,871	--	--	11,009
Committed	200	--	1,283	4,414	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>200</u>	<u>6,871</u>	<u>1,283</u>	<u>4,414</u>	<u>11,009</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 204</u>	<u>\$ 7,152</u>	<u>\$ 2,862</u>	<u>\$ 5,206</u>	<u>\$ 11,029</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2014 (in thousands)

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,969	\$ 18	\$ 19,791	\$ 58,713
Accounts receivable	--	--	7,481	7,546
Due from other governments	2,503	--	--	3,063
Advances to other funds	281	--	339	620
	<u>281</u>	<u>--</u>	<u>339</u>	<u>620</u>
Total Assets	<u>\$ 12,753</u>	<u>\$ 18</u>	<u>\$ 27,611</u>	<u>\$ 69,942</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 575	\$ --	\$ 1,644	\$ 2,484
Salaries and benefits payable	--	--	--	283
Deposits from others	579	--	3	858
Unearned revenue	101	--	4,552	5,033
Advances from other funds	--	--	122	1,608
	<u>1,255</u>	<u>--</u>	<u>6,321</u>	<u>10,266</u>
Total Liabilities	<u>1,255</u>	<u>--</u>	<u>6,321</u>	<u>10,266</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>1,533</u>	<u>--</u>	<u>--</u>	<u>1,663</u>
<u>FUND BALANCES</u>				
Restricted	--	18	--	17,898
Committed	<u>9,965</u>	<u>--</u>	<u>21,290</u>	<u>40,115</u>
Total Fund Balances	<u>9,965</u>	<u>18</u>	<u>21,290</u>	<u>58,013</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,753</u>	<u>\$ 18</u>	<u>\$ 27,611</u>	<u>\$ 69,942</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014 (in thousands)

	Community Development	CMSP	Emergency Med Services	Driving Under the Influence Pgms
<u>Revenues:</u>				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	618	--
Use of money and property	1	2	--	1
Aid from other governmental agencies	5,603	1,215	--	--
Charges for current services	--	82	--	1,402
Other revenues	288	801	--	--
Total revenues	<u>5,892</u>	<u>2,100</u>	<u>618</u>	<u>1,403</u>
<u>Expenditures:</u>				
Current:				
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	6,209	--	--	--
Public assistance	--	4,178	736	--
Education	--	--	--	1,424
Recreation and cultural services	--	--	--	--
Total expenditures	<u>6,209</u>	<u>4,178</u>	<u>736</u>	<u>1,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(317)</u>	<u>(2,078)</u>	<u>(118)</u>	<u>(21)</u>
<u>Other financing sources (uses):</u>				
Transfers in	412	1,893	--	--
Transfers out	--	(22)	--	(34)
Total other financing sources (uses)	<u>412</u>	<u>1,871</u>	<u>--</u>	<u>(34)</u>
Net changes in fund balances	95	(207)	(118)	(55)
Fund Balances - beginning	<u>309</u>	<u>1,240</u>	<u>955</u>	<u>744</u>
Fund Balances - ending	<u>\$ 404</u>	<u>\$ 1,033</u>	<u>\$ 837</u>	<u>\$ 689</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2014 (in thousands)

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ 7,207	\$ --	\$ --
Fines, forfeits and penalties	24	--	--	2	--
Use of money and property	--	14	6	119	21
Aid from other governmental agencies	--	--	95	54	--
Charges for current services	--	1,310	359	4,797	2,050
Other revenues	--	--	79	102	--
Total revenues	<u>24</u>	<u>1,324</u>	<u>7,746</u>	<u>5,074</u>	<u>2,071</u>
<u>Expenditures:</u>					
Current:					
Public protection	7	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	10,340	--	--
Recreation and cultural services	--	--	--	7,993	--
Total expenditures	<u>7</u>	<u>--</u>	<u>10,340</u>	<u>7,993</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17</u>	<u>1,324</u>	<u>(2,594)</u>	<u>(2,919)</u>	<u>2,071</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	15	781	3,541	--
Transfers out	--	(1,093)	(204)	(157)	(470)
Total other financing sources (uses)	<u>--</u>	<u>(1,078)</u>	<u>577</u>	<u>3,384</u>	<u>(470)</u>
Net changes in fund balances	17	246	(2,017)	465	1,601
Fund Balances - beginning	<u>183</u>	<u>6,625</u>	<u>3,300</u>	<u>3,949</u>	<u>9,408</u>
Fund Balances - ending	<u>\$ 200</u>	<u>\$ 6,871</u>	<u>\$ 1,283</u>	<u>\$ 4,414</u>	<u>\$ 11,009</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2014 (in thousands)

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Taxes	\$ 1,501	\$ --	\$ 2,053	\$ 10,761
Fines, forfeits and penalties	--	--	--	644
Use of money and property	14	--	35	213
Aid from other governmental agencies	20,732	4	2,946	30,649
Charges for current services	354	--	5,248	15,602
Other revenues	168	--	68	1,506
Total revenues	<u>22,769</u>	<u>4</u>	<u>10,350</u>	<u>59,375</u>
<u>Expenditures:</u>				
Current:				
Public protection	--	1	4,444	4,452
Public ways and facilities	26,430	--	53	26,483
Health and sanitation	--	--	--	6,209
Public assistance	--	--	--	4,914
Education	--	--	--	11,764
Recreation and cultural services	--	--	--	7,993
Total expenditures	<u>26,430</u>	<u>1</u>	<u>4,497</u>	<u>61,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,661)</u>	<u>3</u>	<u>5,853</u>	<u>(2,440)</u>
<u>Other financing sources (uses):</u>				
Transfers in	6,473	--	54	13,169
Transfers out	(19)	--	(803)	(2,802)
Total other financing sources (uses)	<u>6,454</u>	<u>--</u>	<u>(749)</u>	<u>10,367</u>
Net changes in fund balances	2,793	3	5,104	7,927
Fund Balances - beginning	<u>7,172</u>	<u>15</u>	<u>16,186</u>	<u>50,086</u>
Fund Balances - ending	<u>\$ 9,965</u>	<u>\$ 18</u>	<u>\$ 21,290</u>	<u>\$ 58,013</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2014 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 18,223	\$ 489	\$ 1,079	\$ 19,791
Accounts receivable	7,481	--	--	7,481
Advances to other funds	--	--	339	339
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 25,704</u>	<u>\$ 489</u>	<u>\$ 1,418</u>	<u>\$ 27,611</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,639	\$ 2	\$ 3	\$ 1,644
Deposits from others	1	--	2	3
Unearned revenue	4,552	--	--	4,552
Advances from other funds	--	--	122	122
Total Liabilities	<u>6,192</u>	<u>2</u>	<u>127</u>	<u>6,321</u>
Fund Balances:				
Committed	<u>19,512</u>	<u>487</u>	<u>1,291</u>	<u>21,290</u>
Total Fund Balances	<u>19,512</u>	<u>487</u>	<u>1,291</u>	<u>21,290</u>
Total Liabilities and Fund Balances	<u>\$ 25,704</u>	<u>\$ 489</u>	<u>\$ 1,418</u>	<u>\$ 27,611</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Special Districts
For the Year Ended June 30, 2014 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,656	\$ 31	\$ 366	\$ 2,053
Use of money and property	32	1	2	35
Aid from other governmental agencies	2,944	--	2	2,946
Charges for current services	5,236	8	4	5,248
Other revenue	67	--	1	68
Total revenues	<u>9,935</u>	<u>40</u>	<u>375</u>	<u>10,350</u>
<u>Expenditures:</u>				
Current:				
Public protection	4,403	41	--	4,444
Public ways and facilities	--	--	53	53
Total expenditures	<u>4,403</u>	<u>41</u>	<u>53</u>	<u>4,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,532</u>	<u>(1)</u>	<u>322</u>	<u>5,853</u>
<u>Other financing sources (uses):</u>				
Transfers in	7	--	47	54
Transfers out	(658)	--	(145)	(803)
Total other financing sources (uses)	<u>(651)</u>	<u>--</u>	<u>(98)</u>	<u>(749)</u>
Net changes in fund balances	4,881	(1)	224	5,104
Fund Balances - beginning	<u>14,631</u>	<u>488</u>	<u>1,067</u>	<u>16,186</u>
Fund Balances - ending	<u>\$ 19,512</u>	<u>\$ 487</u>	<u>\$ 1,291</u>	<u>\$ 21,290</u>

**BUDGETARY COMPARISON SCHEDULES
CAPITAL PROJECTS FUND
PUBLIC FINANCING CORPORATION
PENSION OBLIGATION BOND FUND
NON MAJOR GOVERNMENTAL FUNDS**



COUNTY OF SAN LUIS OBISPO
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ --	\$ 2,167	\$ 2,436	\$ 269
Revenue from use of money and property	--	--	56	56
Aid from other governmental agencies	--	3,138	3,597	459
Charges for services	--	8,823	2,686	(6,137)
Total Revenues	<u>--</u>	<u>14,128</u>	<u>8,775</u>	<u>(5,353)</u>
Expenditures:				
Capital Outlay	<u>1,371</u>	<u>33,223</u>	<u>11,312</u>	<u>21,911</u>
Total Expenditures	<u>1,371</u>	<u>33,223</u>	<u>11,312</u>	<u>21,911</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,371)</u>	<u>(19,095)</u>	<u>(2,537)</u>	<u>16,558</u>
Other Financing Sources (Uses):				
Transfers in	3,935	7,684	3,172	(4,512)
Transfers out	<u>204</u>	<u>(30)</u>	<u>(19)</u>	<u>11</u>
Total Other Financing Sources (Uses)	<u>4,139</u>	<u>7,654</u>	<u>3,153</u>	<u>(4,501)</u>
Net change in fund balances	2,768	(11,441)	616	12,057
Fund balances, beginning	<u>25,084</u>	<u>25,084</u>	<u>25,084</u>	<u>--</u>
Fund balances, ending	<u>\$ 27,852</u>	<u>\$ 13,643</u>	<u>\$ 25,700</u>	<u>\$ 12,057</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for current services	\$ --	\$ --	\$ 756	\$ 756
Total Revenues	<u>--</u>	<u>--</u>	<u>756</u>	<u>756</u>
Expenditures:				
Debt Service:				
Principal	--	--	270	(270)
Interest and fiscal charges	--	--	487	(487)
Total Expenditures	<u>--</u>	<u>--</u>	<u>757</u>	<u>(757)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>(1)</u>	<u>(1)</u>
Net change in fund balances	--	--	(1)	(1)
Fund balances, beginning	<u>1,355</u>	<u>1,355</u>	<u>1,355</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,355</u>	<u>\$ 1,355</u>	<u>\$ 1,354</u>	<u>\$ (1)</u>

COUNTY OF SAN LUIS OBISPO
Pension Obligation Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 12	\$ 12	\$ 8	\$ (4)
Other revenue	10,003	10,003	600	(9,403)
Total Revenues	<u>10,015</u>	<u>10,015</u>	<u>608</u>	<u>(9,407)</u>
Expenditures:				
Debt Service:				
Principal payments	4,390	4,390	4,390	--
Interest and fiscal charges	4,373	4,373	4,370	3
Total Expenditures	<u>8,763</u>	<u>8,763</u>	<u>8,760</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,252</u>	<u>1,252</u>	<u>(8,152)</u>	<u>(9,404)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	9,204	9,204
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>9,204</u>	<u>9,204</u>
Net change in fund balances	1,252	1,252	1,052	(200)
Fund balances, beginning	<u>6,956</u>	<u>6,956</u>	<u>6,956</u>	<u>--</u>
Fund balances, ending	<u>\$ 8,208</u>	<u>\$ 8,208</u>	<u>\$ 8,008</u>	<u>\$ (200)</u>

COUNTY OF SAN LUIS OBISPO
Public Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for current services	\$ --	\$ --	\$ 1,314	\$ 1,314
Total Revenues	<u>--</u>	<u>--</u>	<u>1,314</u>	<u>1,314</u>
Expenditures:				
Debt Service:				
Interest and fiscal charges	--	--	562	(562)
Principal payments	--	--	752	(752)
Total Expenditures	<u>--</u>	<u>--</u>	<u>1,314</u>	<u>(1,314)</u>
Net change in fund balances	--	--	--	--
Fund balances, beginning	<u>1,329</u>	<u>1,329</u>	<u>1,329</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,329</u>	<u>\$ 1,329</u>	<u>\$ 1,329</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Aid from other governmental agencies	3,538	9,736	5,603	(4,133)
Other revenue	--	--	288	288
Total Revenues	<u>3,538</u>	<u>9,736</u>	<u>5,892</u>	<u>(3,844)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	651	1,041	746	295
Other charges	3,279	9,107	5,463	3,644
Contingencies	37	37	--	37
Total Expenditures	<u>3,967</u>	<u>10,185</u>	<u>6,209</u>	<u>3,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(429)</u>	<u>(449)</u>	<u>(317)</u>	<u>132</u>
Other Financing Sources (Uses):				
Transfers in	391	412	412	--
Total Other Financing Sources (Uses)	<u>391</u>	<u>412</u>	<u>412</u>	<u>--</u>
Net change in fund balances	(38)	(37)	95	132
Fund balances, beginning	<u>309</u>	<u>309</u>	<u>309</u>	<u>--</u>
Fund balances, ending	<u>\$ 271</u>	<u>\$ 272</u>	<u>\$ 404</u>	<u>\$ 132</u>

COUNTY OF SAN LUIS OBISPO
County Medical Services Program (CMSP) Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 4	\$ 4	\$ 2	\$ (2)
Aid from governmental agencies	2,489	2,489	1,215	(1,274)
Charges for current services	119	119	82	(37)
Other revenues	693	693	801	108
Total Revenues	<u>3,305</u>	<u>3,305</u>	<u>2,100</u>	<u>(1,205)</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	977	977	609	368
Services and supplies	4,195	5,366	3,569	1,797
Total Expenditures	<u>5,172</u>	<u>6,343</u>	<u>4,178</u>	<u>2,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,867)</u>	<u>(3,038)</u>	<u>(2,078)</u>	<u>960</u>
Other Financing Sources (Uses):				
Transfers in	1,798	1,798	1,893	95
Transfers out	--	--	(22)	(22)
Total Other Financing Sources (Uses)	<u>1,798</u>	<u>1,798</u>	<u>1,871</u>	<u>73</u>
Net change in fund balances	(69)	(1,240)	(207)	1,033
Fund balances, beginning	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,171</u>	<u>\$ --</u>	<u>\$ 1,033</u>	<u>\$ 1,033</u>

COUNTY OF SAN LUIS OBISPO
Emergency Medical Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 800	\$ 800	\$ 618	\$ (182)
Use of money and property	1	1	--	(1)
Total Revenues	<u>801</u>	<u>801</u>	<u>618</u>	<u>(183)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	801	1,159	736	423
Total Expenditures	<u>801</u>	<u>1,159</u>	<u>736</u>	<u>423</u>
Net change in fund balances	--	(358)	(118)	240
Fund balances, beginning	<u>955</u>	<u>955</u>	<u>955</u>	<u>--</u>
Fund balances, ending	<u>\$ 955</u>	<u>\$ 597</u>	<u>\$ 837</u>	<u>\$ 240</u>

COUNTY OF SAN LUIS OBISPO
Driving Under the Influence Programs Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Use of money and property	\$ 3	\$ 3	\$ 1	\$ (2)
Charges for current services	1,400	1,400	1,402	2
Total Revenues	<u>1,403</u>	<u>1,403</u>	<u>1,403</u>	<u>--</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	1,014	1,040	1,006	34
Service and supplies	394	426	418	8
Contingencies	124	66	--	66
Total Expenditures	<u>1,532</u>	<u>1,532</u>	<u>1,424</u>	<u>108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(129)</u>	<u>(129)</u>	<u>(21)</u>	<u>(108)</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(34)	(34)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(34)</u>	<u>(34)</u>
Net change in fund balances	(129)	(129)	(55)	74
Fund balances, beginning	<u>744</u>	<u>744</u>	<u>744</u>	<u>--</u>
Fund balances, ending	<u>\$ 615</u>	<u>\$ 615</u>	<u>\$ 689</u>	<u>\$ 74</u>

COUNTY OF SAN LUIS OBISPO
Fish and Game Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 20	\$ 20	\$ 24	\$ 4
Total Revenues	<u>20</u>	<u>20</u>	<u>24</u>	<u>4</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	20	20	7	13
Total Expenditures	<u>20</u>	<u>20</u>	<u>7</u>	<u>13</u>
Net change in fund balances	--	--	17	17
Fund balances, beginning	<u>183</u>	<u>183</u>	<u>183</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 183</u></u>	<u><u>\$ 183</u></u>	<u><u>\$ 200</u></u>	<u><u>\$ 17</u></u>

COUNTY OF SAN LUIS OBISPO
Road Impact Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Use of money and property	\$ 19	\$ 19	\$ 14	\$ (5)
Charges for current services	<u>2,583</u>	<u>2,509</u>	<u>1,310</u>	<u>(1,199)</u>
Total Revenues	<u>2,602</u>	<u>2,528</u>	<u>1,324</u>	<u>(1,204)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>2,602</u>	 <u>2,528</u>	 <u>1,324</u>	 <u>(1,204)</u>
 Other Financing Sources (Uses):				
Transfers in	15	15	15	--
Transfers out	<u>(2,983)</u>	<u>(4,583)</u>	<u>(1,093)</u>	<u>3,490</u>
Total Other Financing Sources (Uses)	<u>(2,968)</u>	<u>(4,568)</u>	<u>(1,078)</u>	<u>3,490</u>
 Net change in fund balances	 (366)	 (2,040)	 246	 2,286
 Fund balances, beginning	 <u>6,625</u>	 <u>6,625</u>	 <u>6,625</u>	 <u>--</u>
 Fund balances, ending	 <u>\$ 6,259</u>	 <u>\$ 4,585</u>	 <u>\$ 6,871</u>	 <u>\$ 2,286</u>

COUNTY OF SAN LUIS OBISPO
Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,888	\$ 6,888	\$ 7,207	\$ 319
Use of money and property	5	5	6	1
Aid from other governmental agencies	106	164	95	(69)
Charges for services	362	362	359	(3)
Other revenue	56	2,732	79	(2,653)
Total Revenues	<u>7,417</u>	<u>10,151</u>	<u>7,746</u>	<u>(2,405)</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	5,869	5,869	5,417	452
Services and supplies	2,671	3,055	2,789	266
Other charges	5	2,515	2,134	381
Contingencies	424	424	--	424
Total Expenditures	<u>8,969</u>	<u>11,863</u>	<u>10,340</u>	<u>1,523</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,552)</u>	<u>(1,712)</u>	<u>(2,594)</u>	<u>(882)</u>
Other Financing Sources (Uses):				
Transfers in	607	781	781	--
Transfers out	--	--	(204)	(204)
Total Other Financing Sources (Uses)	<u>607</u>	<u>781</u>	<u>577</u>	<u>(204)</u>
Net change in fund balances	(945)	(931)	(2,017)	(1,086)
Fund balances, beginning	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,355</u>	<u>\$ 2,369</u>	<u>\$ 1,283</u>	<u>\$ (1,086)</u>

COUNTY OF SAN LUIS OBISPO
Parks Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and franchises	\$ 101	\$ 162	\$ 2	\$ (160)
Use of money and property	113	113	119	6
Aid from other governmental agencies	5	5	54	49
Charges for services	4,209	4,636	4,797	161
Other revenue	75	88	102	14
Total Revenues	<u>4,503</u>	<u>5,004</u>	<u>5,074</u>	<u>70</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,294	4,294	4,052	242
Services and supplies	3,275	3,712	3,324	388
Other charges	112	3,648	560	3,088
Capital outlay	55	128	57	71
Contingencies	550	286	--	286
Total Expenditures	<u>8,286</u>	<u>12,068</u>	<u>7,993</u>	<u>4,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,783)</u>	<u>(7,064)</u>	<u>(2,919)</u>	<u>4,145</u>
Other Financing Sources (Uses):				
Transfers in	3,541	5,047	3,541	(1,506)
Transfers out	(21)	(21)	(157)	(136)
Total Other Financing Sources (Uses)	<u>3,520</u>	<u>5,026</u>	<u>3,384</u>	<u>(1,642)</u>
Net change in fund balances	(263)	(2,038)	465	2,503
Fund balances, beginning	<u>3,949</u>	<u>3,949</u>	<u>3,949</u>	<u>--</u>
Fund balances, ending	<u>\$ 3,686</u>	<u>\$ 1,911</u>	<u>\$ 4,414</u>	<u>\$ 2,503</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 21	\$ 21
Charges for current services	865	865	2,050	1,185
Total Revenues	<u>865</u>	<u>865</u>	<u>2,071</u>	<u>1,206</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,571)</u>	<u>(6,362)</u>	<u>(470)</u>	<u>5,892</u>
Total Other Financing Sources (Uses)	<u>(1,571)</u>	<u>(6,362)</u>	<u>(470)</u>	<u>5,892</u>
Net change in fund balances	(706)	(5,497)	1,601	7,098
Fund balances, beginning	<u>9,408</u>	<u>9,408</u>	<u>9,408</u>	<u>--</u>
Fund balances, ending	<u>\$ 8,702</u>	<u>\$ 3,911</u>	<u>\$ 11,009</u>	<u>\$ 7,098</u>

COUNTY OF SAN LUIS OBISPO
Roads Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,461	\$ 1,461	\$ 1,501	\$ 40
Use of money and property	25	25	14	(11)
Aid from other governmental agencies	15,974	29,622	20,732	(8,890)
Charges for services	545	692	354	(338)
Other revenue	90	166	168	2
Total Revenues	<u>18,095</u>	<u>31,966</u>	<u>22,769</u>	<u>(9,197)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	17,603	18,882	26,152	(7,270)
Other charges	513	995	278	717
Capital outlay	8,557	26,652	--	26,652
Total Expenditures	<u>26,673</u>	<u>46,529</u>	<u>26,430</u>	<u>20,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,578)</u>	<u>(14,563)</u>	<u>(3,661)</u>	<u>10,902</u>
Other Financing Sources (Uses):				
Transfers in	8,362	9,962	6,473	(3,489)
Transfers out	(4)	(4)	(19)	(15)
Total Other Financing Sources (Uses)	<u>8,358</u>	<u>9,958</u>	<u>6,454</u>	<u>(3,504)</u>
Net change in fund balances	(220)	(4,605)	2,793	7,398
Fund balances, beginning	<u>7,172</u>	<u>7,172</u>	<u>7,172</u>	<u>--</u>
Fund balances, ending	<u>\$ 6,952</u>	<u>\$ 2,567</u>	<u>\$ 9,965</u>	<u>\$ 7,398</u>

COUNTY OF SAN LUIS OBISPO
Wildlife Grazing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Aid from governmental agencies	\$ 4	\$ 4	\$ 4	\$ --
Total Revenues	<u>4</u>	<u>4</u>	<u>4</u>	<u>--</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	4	4	1	3
Total Expenditures	<u>4</u>	<u>4</u>	<u>1</u>	<u>3</u>
Net change in fund balances	--	--	3	3
Fund balances, beginning	<u>15</u>	<u>15</u>	<u>15</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 15</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ 3</u></u>

COUNTY OF SAN LUIS OBISPO
Flood Control Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,578	\$ 1,578	\$ 1,656	\$ 78
Use of money and property	36	36	32	(4)
Aid from other governmental agencies	13	13	2,944	2,931
Charges for services	471	510	5,236	4,726
Other revenue	11,419	11,419	67	(11,352)
Total Revenues	<u>13,517</u>	<u>13,556</u>	<u>9,935</u>	<u>(3,621)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	5,501	7,349	3,074	4,275
Other charges	--	--	1,321	(1,321)
Capital outlay	1,255	1,548	8	1,540
Total Expenditures	<u>6,756</u>	<u>8,897</u>	<u>4,403</u>	<u>4,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,761</u>	<u>4,659</u>	<u>5,532</u>	<u>873</u>
Other Financing Sources (Uses):				
Transfers in	188	188	7	(181)
Transfers out	(5,946)	(6,003)	(658)	5,345
Total Other Financing Sources (Uses)	<u>(5,758)</u>	<u>(5,815)</u>	<u>(651)</u>	<u>5,164</u>
Net change in fund balances	1,003	(1,156)	4,881	6,037
Fund balances, beginning	<u>14,631</u>	<u>14,631</u>	<u>14,631</u>	<u>--</u>
Fund balances, ending	<u>\$ 15,634</u>	<u>\$ 13,475</u>	<u>\$ 19,512</u>	<u>\$ 6,037</u>

COUNTY OF SAN LUIS OBISPO
Lighting Control Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 33	\$ 33	\$ 31	\$ (2)
Use of money and property	2	2	1	(1)
Charges for services	--	8	8	--
Total Revenues	<u>35</u>	<u>43</u>	<u>40</u>	<u>(3)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>37</u>	<u>45</u>	<u>41</u>	<u>4</u>
Total Expenditures	<u>37</u>	<u>45</u>	<u>41</u>	<u>4</u>
Net change in fund balances	(2)	(2)	(1)	1
Fund balances, beginning	<u>488</u>	<u>488</u>	<u>488</u>	<u>--</u>
Fund balances, ending	<u>\$ 486</u>	<u>\$ 486</u>	<u>\$ 487</u>	<u>\$ 1</u>

COUNTY OF SAN LUIS OBISPO
County Service Area Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2014 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 346	\$ 346	\$ 366	\$ 20
Use of money and property	2	2	2	--
Aid from other governmental agencies	2	2	2	--
Charges for services	4	4	4	--
Other revenue	--	--	1	1
Total Revenues	<u>354</u>	<u>354</u>	<u>375</u>	<u>21</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	131	131	53	78
Capital outlay	36	36	--	36
Total Expenditures	<u>167</u>	<u>167</u>	<u>53</u>	<u>114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>187</u>	<u>187</u>	<u>322</u>	<u>135</u>
Other Financing Sources (Uses):				
Transfers in	1,040	1,040	47	(993)
Transfers out	(175)	(280)	(145)	135
Total Other Financing Sources (Uses)	<u>865</u>	<u>760</u>	<u>(98)</u>	<u>(858)</u>
Net change in fund balances	1,052	947	224	(723)
Fund balances, beginning	<u>1,067</u>	<u>1,067</u>	<u>1,067</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,119</u>	<u>\$ 2,014</u>	<u>\$ 1,291</u>	<u>\$ (723)</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

General Flood Control Zone

Accounts for resources used to provide control and conservation of flood and storm waters, which are mutually exclusive of Special Revenue Funds.

Golf

Accounts for the operations and maintenance of County-owned golf courses located in Atascadero, Morro Bay, and San Luis Obispo.

Lopez Park

Accounts for the accumulation of resources for the repayment of State loans related to the Lopez Lake recreational area.

County Service Areas

Accounts for resources used to provide for a variety of services such as street lighting, drainage, sewer and road maintenance, which are mutually exclusive of the Special Revenue Funds County Service Areas.

State Water Project

Accounts for revenues, expenses and net position relating to the countywide taxpayer's obligations associated with the State Water Project, which provides for the delivery of state water into the County.

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014 (in thousands)

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,236	\$ 13,861	\$ 1,012	\$ 23	\$ 4,110	\$ 20,242
Accounts receivable, net	9	402	36	--	179	626
Deposits with others	--	--	--	--	13	13
Total Current Assets	<u>1,245</u>	<u>14,263</u>	<u>1,048</u>	<u>23</u>	<u>4,302</u>	<u>20,881</u>
Noncurrent assets:						
Advances to other funds	--	--	487	183	--	670
Capital Assets						
Nondepreciable:						
Land	--	--	1,333	--	330	1,663
Construction in progress	--	--	88	--	391	479
Water rights	--	46,457	--	--	--	46,457
Depreciable:						
Infrastructure, net	--	98	--	--	1,733	1,831
Structures & improvements, net	--	6,802	9,241	--	9,136	25,179
Equipment, net	--	7	154	--	248	409
Other property, net	--	--	--	--	498	498
Total Noncurrent Assets	<u>--</u>	<u>53,364</u>	<u>11,303</u>	<u>183</u>	<u>12,336</u>	<u>77,186</u>
Total Assets	<u>1,245</u>	<u>67,627</u>	<u>12,351</u>	<u>206</u>	<u>16,638</u>	<u>98,067</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	19	5,373	73	--	125	5,590
Salaries and benefits payable	--	--	30	--	--	30
Deposits from others	--	2,862	--	--	134	2,996
Accrued interest	--	--	43	--	27	70
Unearned revenue	--	1,896	--	--	127	2,023
Accrued vacation and sick leave - current	--	--	66	--	--	66
Notes and bonds payable - current	--	--	280	16	215	511
Total Current Liabilities	<u>19</u>	<u>10,131</u>	<u>492</u>	<u>16</u>	<u>628</u>	<u>11,286</u>
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	492	492
Accrued vacation and sick leave - noncurrent	--	--	84	--	--	84
Notes and bonds payable - noncurrent	--	--	5,224	167	3,882	9,273
Total Noncurrent Liabilities	<u>--</u>	<u>--</u>	<u>5,308</u>	<u>167</u>	<u>4,374</u>	<u>9,849</u>
Total Liabilities	<u>19</u>	<u>10,131</u>	<u>5,800</u>	<u>183</u>	<u>5,002</u>	<u>21,135</u>
NET POSITION						
Net investment in capital assets	--	53,364	5,312	--	8,239	66,915
Unrestricted	1,226	4,132	1,239	23	3,397	10,017
Total Net Position	<u>\$ 1,226</u>	<u>\$ 57,496</u>	<u>\$ 6,551</u>	<u>\$ 23</u>	<u>\$ 11,636</u>	<u>\$ 76,932</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014 (in thousands)

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
<u>Operating Revenues:</u>						
Charges for current services	\$ 861	\$ 6,358	\$ 2,779	\$ --	\$ 3,312	\$ 13,310
Other revenues	--	--	2	--	1	3
Total operating revenues	<u>861</u>	<u>6,358</u>	<u>2,781</u>	<u>--</u>	<u>3,313</u>	<u>13,313</u>
<u>Operating expenses:</u>						
Salaries and benefits	--	--	1,229	--	--	1,229
Services and supplies	802	5,766	842	--	3,158	10,568
Other charges	2	--	--	--	6	8
Depreciation	--	206	364	--	528	1,098
Countywide cost allocation	5	14	--	--	30	49
Total operating expenses	<u>809</u>	<u>5,986</u>	<u>2,435</u>	<u>--</u>	<u>3,722</u>	<u>12,952</u>
Operating income (loss)	<u>52</u>	<u>372</u>	<u>346</u>	<u>--</u>	<u>(409)</u>	<u>361</u>
<u>Nonoperating revenues (expenses):</u>						
Property taxes	--	1,632	--	--	417	2,049
Interest income	3	24	2	--	8	37
Interest expense	--	(6)	(175)	(5)	(138)	(324)
Aid from governmental agencies	--	13	--	--	3	16
Total nonoperating revenues (expenses)	<u>3</u>	<u>1,663</u>	<u>(173)</u>	<u>(5)</u>	<u>290</u>	<u>1,778</u>
Income (loss) before contributions and transfers	55	2,035	173	(5)	(119)	2,139
Capital contributions	--	--	--	--	108	108
Transfers in	--	--	21	5	145	171
Transfers out	--	--	(42)	--	(47)	(89)
Change in net position	55	2,035	152	--	87	2,329
Net position - beginning	<u>1,171</u>	<u>55,461</u>	<u>6,399</u>	<u>23</u>	<u>11,549</u>	<u>74,603</u>
Net position - ending	<u>\$ 1,226</u>	<u>\$ 57,496</u>	<u>\$ 6,551</u>	<u>\$ 23</u>	<u>\$ 11,636</u>	<u>\$ 76,932</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014 (in thousands)

	General Flood Control Zone	State Water Project	Golf
Cash Flows from Operating Activities:			
Receipts from customers	\$ 861	\$ 8,383	\$ 2,737
Payments to employees for service	--	--	(1,231)
Payments for goods and services	(870)	(5,460)	(832)
Net Cash Provided (Used) by Operating Activities	<u>(9)</u>	<u>2,923</u>	<u>674</u>
Cash Flows from Noncapital Financing Activities:			
Property tax proceeds	--	1,632	--
Grants and subsidies from other gov't agencies	--	13	--
Advances from other funds	--	--	--
Transfers from other funds	--	--	21
Transfers to other funds	--	--	(42)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>1,645</u>	<u>(21)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases and construction of capital assets	--	(1,892)	(64)
Proceeds from issuance of long-term debt	--	--	--
Proceeds from capital contributions	--	--	--
Principal paid on capital debt	--	--	(278)
Interest paid on capital debt	--	--	(175)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,892)</u>	<u>(517)</u>
Cash Flows from Investing Activities:			
Interest received	3	24	2
Net Cash Provided (Used) by Investing Activities	<u>3</u>	<u>24</u>	<u>2</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6)	2,700	138
Cash and Cash Equivalents - Beginning of Year	1,242	11,161	874
Cash and Cash Equivalents - End of Year	<u>\$ 1,236</u>	<u>\$ 13,861</u>	<u>\$ 1,012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 52	\$ 372	\$ 346
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	--	206	364
Change in Assets and Liabilities:			
Receivables, net	6	2,039	(12)
Accounts payable	(67)	321	11
Salaries and benefits payable	--	--	3
Unearned revenue	--	(15)	(33)
Accrued vacation and sick leave	--	--	(5)
Total Adjustments	<u>(61)</u>	<u>2,551</u>	<u>328</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (9)</u>	<u>\$ 2,923</u>	<u>\$ 674</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014 (in thousands)

	Lopez Park	County Service Areas	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ --	\$ 3,413	\$ 15,394
Payments to employees	--	--	(1,231)
Payments for goods and services	--	(3,086)	(10,248)
Net Cash Provided (Used) by Operating Activities	<u>--</u>	<u>327</u>	<u>3,915</u>
Cash Flows from Noncapital Financing Activities:			
Property tax proceeds	--	417	2,049
Grants and subsidies from other gov't agencies	--	35	48
Advances from other funds	--	(61)	(61)
Transfers from other funds	5	145	171
Transfers to other funds	--	(47)	(89)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>5</u>	<u>489</u>	<u>2,118</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases and construction of capital assets	--	(913)	(2,869)
Proceeds from issuance of long-term debt	--	1,062	1,062
Proceeds from capital contributions	--	108	108
Principal paid on capital debt	--	(209)	(487)
Interest paid on capital debt	(5)	(139)	(319)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5)</u>	<u>(91)</u>	<u>(2,505)</u>
Cash Flows from Investing Activities:			
Interest received	--	10	39
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>10</u>	<u>39</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	735	3,567
Cash and Cash Equivalents - Beginning of Year	<u>23</u>	<u>3,375</u>	<u>16,675</u>
Cash and Cash Equivalents - End of Year	<u>\$ 23</u>	<u>\$ 4,110</u>	<u>\$ 20,242</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ --	\$ (409)	\$ 361
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	--	528	1,098
Change in Assets and Liabilities:			
Receivables, net	--	2	2,035
Accounts payable	--	115	380
Salaries and benefits payable	--	--	3
Unearned revenue	--	91	43
Accrued vacation and sick leave	--	--	(5)
Total Adjustments	<u>--</u>	<u>736</u>	<u>3,554</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ --</u>	<u>\$ 327</u>	<u>\$ 3,915</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost-reimbursement basis. Internal Service Funds used at the County are listed below:

Garage

Accounts for resources used to provide a vehicle fleet of cars, trucks, and police vehicles for use by various County departments at the lowest possible maintenance and operating costs.

Public Works

Accounts for resources used to provide comprehensive engineering services in the form of manpower, equipment and contractual services and supplies to all departments, agencies, and private citizens as requested or required by state law or local ordinance.

Insurance Funds

Account for the operations of the County's Workers' Compensation, Protected Self-Insurance, Unemployment, Dental Insurance, and Other Post-Employment Benefits (OPEB) programs.



COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Position
Internal Service Funds
June 30, 2014 (in thousands)

	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 3,727	\$ 13,990	\$ 22,089	\$ 39,806
Accounts receivable	--	22	--	22
Inventory	16	548	--	564
Total Current Assets	<u>3,743</u>	<u>14,560</u>	<u>22,089</u>	<u>40,392</u>
Noncurrent assets:				
Capital Assets:				
Structures & improvements, net	33	339	--	372
Equipment, net	4,833	7,084	--	11,917
Total Noncurrent Assets	<u>4,866</u>	<u>7,423</u>	<u>--</u>	<u>12,289</u>
Total Assets	<u>8,609</u>	<u>21,983</u>	<u>22,089</u>	<u>52,681</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	352	463	441	1,256
Salaries and benefits payable	31	504	--	535
Self insurance liability	--	--	3,487	3,487
Deposits from others	--	709	--	709
Accrued vacation and sick leave - current	71	1,490	--	1,561
Total Current Liabilities	<u>454</u>	<u>3,166</u>	<u>3,928</u>	<u>7,548</u>
Noncurrent Liabilities:				
Self insurance liability	--	--	14,829	14,829
Accrued vacation and sick leave	51	806	--	857
Total Noncurrent Liabilities	<u>51</u>	<u>806</u>	<u>14,829</u>	<u>15,686</u>
Total Liabilities	<u>505</u>	<u>3,972</u>	<u>18,757</u>	<u>23,234</u>
<u>NET POSITION</u>				
Net investment in capital assets	4,866	7,423	--	12,289
Unrestricted	3,238	10,588	3,332	17,158
Total Net Position	<u>\$ 8,104</u>	<u>\$ 18,011</u>	<u>\$ 3,332</u>	<u>\$ 29,447</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014 (in thousands)

	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>				
Charges for current services	\$ 5,861	\$ 28,497	\$ 8,892	\$ 43,250
Other revenues	3	411	--	414
Total Operating Revenues	<u>5,864</u>	<u>28,908</u>	<u>8,892</u>	<u>43,664</u>
<u>Operating Expenses:</u>				
Salaries and benefits	1,234	19,903	--	21,137
Services and supplies	2,724	7,325	6,200	16,249
Insurance benefit payments	--	--	4,259	4,259
Depreciation	1,320	765	--	2,085
Countywide cost allocation	96	61	45	202
Total Operating Expenses	<u>5,374</u>	<u>28,054</u>	<u>10,504</u>	<u>43,932</u>
Operating Income (Loss)	<u>490</u>	<u>854</u>	<u>(1,612)</u>	<u>(268)</u>
<u>Nonoperating Revenues (Expenses):</u>				
Interest income	7	25	47	79
Aid from governmental agencies	--	--	370	370
Other revenue (expense)	153	40	--	193
Total Nonoperating Revenues (Expenses)	<u>160</u>	<u>65</u>	<u>417</u>	<u>642</u>
Income (Loss) Before Transfers	650	919	(1,195)	374
Transfers out	<u>(92)</u>	<u>(789)</u>	<u>(370)</u>	<u>(1,251)</u>
Change in Net Position	558	130	(1,565)	(877)
Net position - beginning	<u>7,546</u>	<u>17,881</u>	<u>4,897</u>	<u>30,324</u>
Net position - ending	<u>\$ 8,104</u>	<u>\$ 18,011</u>	<u>\$ 3,332</u>	<u>\$ 29,447</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014 (in thousands)

	Garage	Public Works	Combined Insurance (5 funds)	Total
Cash Flows from Operating Activities:				
Receipts from interfund billings	\$ 5,864	\$ 28,897	\$ 8,892	\$ 43,653
Payments for goods and services	(2,713)	(7,135)	(3,524)	(13,372)
Payments to employees for service	(1,216)	(19,809)	--	(21,025)
Payments for insurance benefits	--	--	(4,740)	(4,740)
Payments for premiums	--	--	(2,723)	(2,723)
Net Cash Provided (Used) by Operating Activities	<u>1,935</u>	<u>1,953</u>	<u>(2,095)</u>	<u>1,793</u>
Cash Flows from Noncapital Financing Activities:				
Grants and subsidies from other gov't agencies	--	--	370	370
Transfers to other funds	(92)	(789)	(370)	(1,251)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(92)</u>	<u>(789)</u>	<u>--</u>	<u>(881)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	(2,096)	(2,078)	--	(4,174)
Proceeds from sale of capital assets	236	128	--	364
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,860)</u>	<u>(1,950)</u>	<u>--</u>	<u>(3,810)</u>
Cash Flows from Investing Activities:				
Interest received	7	26	47	80
Net Cash Provided (Used) by Investing Activities	<u>7</u>	<u>26</u>	<u>47</u>	<u>80</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10)	(760)	(2,048)	(2,818)
Cash and Cash Equivalents - Beginning of Year	3,737	14,750	24,137	42,624
Cash and Cash Equivalents - End of Year	<u>\$ 3,727</u>	<u>\$ 13,990</u>	<u>\$ 22,089</u>	<u>\$ 39,806</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 490	\$ 854	\$ (1,612)	\$ (268)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	1,320	765	--	2,085
Change in Assets and Liabilities:				
Receivables, net	--	(11)	--	(11)
Inventory	7	(2)	--	5
Accounts payable	99	169	33	301
Deposits from others	--	83	--	83
Salaries and benefits payable	4	70	--	74
Other accrued liabilities	--	25	--	25
Accrued vacation and sick leave	15	--	--	15
Self-insurance liability	--	--	(516)	(516)
Total Adjustments	<u>1,445</u>	<u>1,099</u>	<u>(483)</u>	<u>2,061</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,935</u>	<u>\$ 1,953</u>	<u>\$ (2,095)</u>	<u>\$ 1,793</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Position
Internal Service Funds - Insurance
June 30, 2014 (in thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents	\$ 15,681	\$ 5,486	\$ 455	\$ 467	\$ --	\$ 22,089
Total Current Assets	<u>15,681</u>	<u>5,486</u>	<u>455</u>	<u>467</u>	<u>--</u>	<u>22,089</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	379	30	--	32	--	441
Self insurance payable	<u>2,345</u>	<u>1,142</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,487</u>
Total Current Liabilities	<u>2,724</u>	<u>1,172</u>	<u>--</u>	<u>32</u>	<u>--</u>	<u>3,928</u>
Noncurrent Liabilities:						
Self insurance liability	<u>12,527</u>	<u>2,302</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>14,829</u>
Total Noncurrent Liabilities	<u>12,527</u>	<u>2,302</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>14,829</u>
Total Liabilities	<u>15,251</u>	<u>3,474</u>	<u>--</u>	<u>32</u>	<u>--</u>	<u>18,757</u>
<u>NET POSITION</u>						
Unrestricted	430	2,012	455	435	--	3,332
Total Net Position	<u>\$ 430</u>	<u>\$ 2,012</u>	<u>\$ 455</u>	<u>\$ 435</u>	<u>\$ --</u>	<u>\$ 3,332</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds - Insurance
For the Year Ended June 30, 2014 (in thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Operating Revenues:</u>						
Charges for current services	\$ 4,833	\$ 766	\$ 166	\$ 1,650	\$ 1,477	\$ 8,892
Total Operating Revenues	<u>4,833</u>	<u>766</u>	<u>166</u>	<u>1,650</u>	<u>1,477</u>	<u>8,892</u>
<u>Operating Expenses:</u>						
Services and supplies	2,786	2,070	18	150	1,176	6,200
Insurance benefit payments	1,849	--	278	1,460	672	4,259
Countywide cost allocation	--	43	--	2	--	45
Total Operating Expenses	<u>4,635</u>	<u>2,113</u>	<u>296</u>	<u>1,612</u>	<u>1,848</u>	<u>10,504</u>
Operating Income (Loss)	<u>198</u>	<u>(1,347)</u>	<u>(130)</u>	<u>38</u>	<u>(371)</u>	<u>(1,612)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	32	12	1	1	1	47
Aid from governmental agencies	--	--	--	--	370	370
Total Nonoperating Revenues (Expenses)	<u>32</u>	<u>12</u>	<u>1</u>	<u>1</u>	<u>371</u>	<u>417</u>
Income (Loss) Before Transfers	230	(1,335)	(129)	39	--	(1,195)
Transfers out	<u>--</u>	<u>(370)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(370)</u>
Change in net position	230	(1,705)	(129)	39	--	(1,565)
Net position - beginning	<u>200</u>	<u>3,717</u>	<u>584</u>	<u>396</u>	<u>--</u>	<u>4,897</u>
Net position - ending	<u>\$ 430</u>	<u>\$ 2,012</u>	<u>\$ 455</u>	<u>\$ 435</u>	<u>\$ --</u>	<u>\$ 3,332</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2014 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows from Operating Activities:						
Receipts from interfund billings	\$ 4,833	\$ 765	\$ 166	\$ 1,650	\$ 1,478	\$ 8,892
Payments for goods and services	(1,866)	(1,457)	(18)	(154)	(29)	(3,524)
Payments for insurance benefits	(2,393)	71	(278)	(1,468)	(672)	(4,740)
Payments for premiums	(920)	(655)	--	--	(1,148)	(2,723)
Net Cash Provided (Used) by Operating Activities	<u>(346)</u>	<u>(1,276)</u>	<u>(130)</u>	<u>28</u>	<u>(371)</u>	<u>(2,095)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers to other funds	--	(370)	--	--	--	(370)
Grants and subsidies from other gov't agencies	--	--	--	--	370	370
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>(370)</u>	<u>--</u>	<u>--</u>	<u>370</u>	<u>--</u>
Cash Flows from Investing Activities:						
Interest received	32	12	1	1	1	47
Net Cash Provided (Used) by Investing Activities	<u>32</u>	<u>12</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>47</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(314)	(1,634)	(129)	29	--	(2,048)
Cash and Cash Equivalents - Beginning of Year	15,995	7,120	584	438	--	24,137
Cash and Cash Equivalents - End of Year	<u>\$ 15,681</u>	<u>\$ 5,486</u>	<u>\$ 455</u>	<u>\$ 467</u>	<u>\$ --</u>	<u>\$ 22,089</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	198	(1,347)	(130)	38	(371)	(1,612)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Change in Assets and Liabilities:						
Accounts payable	24	19	--	(10)	--	33
Self-insurance liability	(568)	52	--	--	--	(516)
Total Adjustments	<u>(544)</u>	<u>71</u>	<u>--</u>	<u>(10)</u>	<u>--</u>	<u>(483)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (346)</u>	<u>\$ (1,276)</u>	<u>\$ (130)</u>	<u>\$ 28</u>	<u>\$ (371)</u>	<u>\$ (2,095)</u>

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

These funds account for assets held by the County as an agent for various local governments. The County has the following types of Agency Funds:

1915 Act

Accounts for temporary holding of funds for tax assessment areas created under the 1915 Improvement Act.

Clearing Funds

Serve as a temporary holding fund for subsequent disposition to an outside agency or taxing authority.

Other Funds

Account for temporary holding of funds that are not specifically classified in other agency categories.

INVESTMENT TRUST FUNDS

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts (42 funds), Special Districts (32 funds), Courts (6 funds), and Other Local Boards (19 funds)

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014 (in thousands)

	Clearing Funds (90 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (30 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,180	\$ 2,012	\$ 30,965	\$ 44,157
Total Assets	11,180	2,012	30,965	44,157
<u>LIABILITIES</u>				
Assets held as agency for others	11,180	2,012	30,965	44,157
Total Liabilities	\$ 11,180	\$ 2,012	\$ 30,965	\$ 44,157

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014 (in thousands)

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<u>Clearing and Revolving Funds (90 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 11,879	\$ 958,383	\$ 959,082	\$ 11,180
Total Assets	<u>11,879</u>	<u>958,383</u>	<u>959,082</u>	<u>11,180</u>
Liabilities:				
Assets held as agency for others	11,879	958,383	959,082	11,180
Total Liabilities	<u>\$ 11,879</u>	<u>\$ 958,383</u>	<u>\$ 959,082</u>	<u>\$ 11,180</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,060	\$ 506	\$ 554	\$ 2,012
Total Assets	<u>2,060</u>	<u>506</u>	<u>554</u>	<u>2,012</u>
Liabilities:				
Assets held as agency for others	2,060	506	554	2,012
Total Liabilities	<u>\$ 2,060</u>	<u>\$ 506</u>	<u>\$ 554</u>	<u>\$ 2,012</u>
<u>Other Agency Funds (30 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 26,483	\$ 264,159	\$ 259,677	\$ 30,965
Total Assets	<u>26,483</u>	<u>264,159</u>	<u>259,677</u>	<u>30,965</u>
Liabilities:				
Assets held as agency for others	26,483	264,159	259,677	30,965
Total Liabilities	<u>\$ 26,483</u>	<u>\$ 264,159</u>	<u>\$ 259,677</u>	<u>\$ 30,965</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 40,422	\$ 1,223,048	\$ 1,219,313	\$ 44,157
Total Assets	<u>40,422</u>	<u>1,223,048</u>	<u>1,219,313</u>	<u>44,157</u>
Liabilities:				
Assets held as agency for others	40,422	1,223,048	1,219,313	44,157
Total Liabilities	<u>\$ 40,422</u>	<u>\$ 1,223,048</u>	<u>\$ 1,219,313</u>	<u>\$ 44,157</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2014 (in thousands)

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 161,262	\$ 12,130	\$ 2,035	\$ 25,587	\$ 201,014
Total Assets	<u>161,262</u>	<u>12,130</u>	<u>2,035</u>	<u>25,587</u>	<u>201,014</u>
<u>NET POSITION</u>					
Assets held in trust for pool participants	161,262	12,130	2,035	25,587	201,014
Total Net Position	<u>\$ 161,262</u>	<u>\$ 12,130</u>	<u>\$ 2,035</u>	<u>\$ 25,587</u>	<u>\$ 201,014</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2014 (in thousands)

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 756,915	\$ 7,667	\$ 18,764	\$ 39,048	\$ 822,393
Interest	286	23	--	35	344
Total Additions	<u>757,201</u>	<u>7,690</u>	<u>18,764</u>	<u>39,083</u>	<u>822,737</u>
<u>Deductions</u>					
Distributions from investment pool	<u>748,740</u>	<u>6,842</u>	<u>18,948</u>	<u>37,507</u>	<u>812,037</u>
Total Deductions	<u>748,740</u>	<u>6,842</u>	<u>18,948</u>	<u>37,507</u>	<u>812,037</u>
Change in Net Position	8,461	848	(184)	1,575	10,700
Net Position - Beginning	<u>152,801</u>	<u>11,282</u>	<u>2,219</u>	<u>24,012</u>	<u>190,314</u>
Net Position - Ending	<u>\$ 161,262</u>	<u>\$ 12,130</u>	<u>\$ 2,035</u>	<u>\$ 25,587</u>	<u>\$ 201,014</u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries wages benefits	\$ 1,632	\$ 1,632	\$ 1,470	\$ 162
Services and supplies	170	180	100	80
Expenditure transfers and reimbursements	(85)	(85)	(85)	--
Total	1,717	1,727	1,485	242
Board of Supervisors:				
Salaries wages benefits	1,443	1,443	1,326	117
Services and supplies	255	317	212	105
Expenditure transfers and reimbursements	(36)	(36)	(36)	--
Total	1,662	1,724	1,502	222
Clerk/Recorder:				
Salaries wages benefits	2,050	2,050	1,933	117
Services and supplies	1,011	1,014	844	170
Capital outlay	--	48	--	48
Total	3,061	3,112	2,777	335
Total Legislative and Administrative	6,440	6,563	5,764	799
<u>Finance</u>				
Assessor:				
Salaries wages benefits	8,159	7,772	7,278	494
Services and supplies	829	1,321	1,070	251
Capital outlay	35	106	100	6
Total	9,023	9,199	8,448	751
Auditor-Controller:				
Salaries wages benefits	4,703	4,703	4,197	506
Services and supplies	271	505	268	237
Capital outlay	--	54	10	44
Expenditure transfers and reimbursements	(9)	(9)	(19)	10
Total	4,965	5,253	4,456	797
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,837	2,675	2,325	350
Services and supplies	311	472	351	121
Expenditure transfers and reimbursements	--	--	(1)	1
Total	3,148	3,147	2,675	472
Total Finance	17,136	17,599	15,579	2,020

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	\$ 3,304	\$ 3,201	\$ 3,072	\$ 129
Services and supplies	185	488	265	223
Total Counsel	<u>3,489</u>	<u>3,689</u>	<u>3,337</u>	<u>352</u>
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	1,926	1,926	1,818	108
Services and supplies	394	836	370	466
Total Personnel	<u>2,320</u>	<u>2,762</u>	<u>2,188</u>	<u>574</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	7,921	7,440	7,057	383
Services and supplies	4,298	4,833	7,634	(2,801)
Other charges	73	73	72	1
Capital outlay	--	36	35	1
Expenditure transfers and reimbursement	(2,679)	(2,679)	(2,722)	43
Total	<u>9,613</u>	<u>9,703</u>	<u>12,076</u>	<u>(2,373)</u>
Maintenance Projects:				
Services and supplies	2,082	7,756	1,278	6,478
Expenditure transfers and reimbursement	--	(52)	(31)	(21)
Total	<u>2,082</u>	<u>7,704</u>	<u>1,247</u>	<u>6,457</u>
Total Property Management	<u>11,695</u>	<u>17,407</u>	<u>13,323</u>	<u>4,084</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	9,777	9,572	8,826	746
Services and supplies	3,220	3,495	672	2,823
Capital outlay	--	66	--	66
Expenditure transfers and reimbursement	(2,956)	(2,956)	(2,925)	(31)
Total	<u>10,041</u>	<u>10,177</u>	<u>6,573</u>	<u>3,604</u>
Risk Management:				
Salaries wages benefits	784	792	759	33
Services and supplies	769	868	783	85
Expenditure transfers and reimbursement	(77)	(77)	(78)	1
Total	<u>1,476</u>	<u>1,583</u>	<u>1,464</u>	<u>119</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Other General</u> (continued)				
Non-Department Financing Uses:				
Expenditure transfers and reimbursement	\$ (10,201)	\$ (10,201)	\$ (10,235)	\$ 34
Total	<u>(10,201)</u>	<u>(10,201)</u>	<u>(10,235)</u>	<u>34</u>
Contributions to Other Agencies:				
Services and supplies	1,885	1,933	1,912	21
Total	<u>1,885</u>	<u>1,933</u>	<u>1,912</u>	<u>21</u>
Total Other General	<u>3,201</u>	<u>3,492</u>	<u>(286)</u>	<u>3,778</u>
Total General Government	<u>44,281</u>	<u>51,512</u>	<u>39,905</u>	<u>11,607</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,284	2,427	2,411	16
Total	<u>2,284</u>	<u>2,427</u>	<u>2,411</u>	<u>16</u>
District Attorney:				
Salaries wages benefits	13,476	13,476	12,259	1,217
Services and supplies	1,369	1,749	1,801	(52)
Capital outlay	--	5	5	--
Expenditure transfers and reimbursement	(262)	(262)	(260)	(2)
Total	<u>14,583</u>	<u>14,968</u>	<u>13,805</u>	<u>1,163</u>
Family Support:				
Salaries wages benefits	3,622	3,622	3,253	369
Services and supplies	1,054	1,054	600	454
Total	<u>4,676</u>	<u>4,676</u>	<u>3,853</u>	<u>823</u>
Grand Jury:				
Salaries wages benefits	39	40	39	1
Services and supplies	99	98	93	5
Total	<u>138</u>	<u>138</u>	<u>132</u>	<u>6</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Judicial</u> (continued)				
Public Defender:				
Services and supplies	\$ 5,590	\$ 5,902	\$ 5,890	\$ 12
Total	<u>5,590</u>	<u>5,902</u>	<u>5,890</u>	<u>12</u>
Total Judicial	<u>27,271</u>	<u>28,111</u>	<u>26,091</u>	<u>2,020</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	52,705	52,933	50,967	1,966
Services and supplies	9,783	10,751	10,512	239
Other charges	--	318	303	15
Capital outlay	125	1,435	427	1,008
Expenditure transfers and reimbursement	(209)	(209)	(165)	(44)
Total Police Protection	<u>62,404</u>	<u>65,228</u>	<u>62,044</u>	<u>3,184</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	15,670	15,670	14,527	1,143
Services and supplies	3,603	3,792	2,895	897
Capital outlay	--	357	117	240
Expenditure transfers and reimbursement	(285)	(285)	(297)	12
Total Detention and Correction	<u>18,988</u>	<u>19,534</u>	<u>17,242</u>	<u>2,292</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	17,544	17,704	16,584	1,120
Capital outlay	1,624	2,512	469	2,043
Total Fire Protection	<u>19,168</u>	<u>20,216</u>	<u>17,053</u>	<u>3,163</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries wages benefits	4,514	4,584	4,341	243
Services and supplies	732	759	661	98
Expenditure transfers and reimbursement	--	--	(4)	4
Total Protective Inspection	<u>5,246</u>	<u>5,343</u>	<u>4,998</u>	<u>345</u>
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,581	1,570	1,458	112
Services and supplies	896	907	796	111
Capital outlay	--	27	--	27
Total	<u>2,477</u>	<u>2,504</u>	<u>2,254</u>	<u>250</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Other Protection</u> (continued)				
Emergency Services:				
Salaries wages benefits	\$ 772	\$ 794	\$ 693	\$ 101
Services and supplies	398	533	332	201
Other charges	405	405	176	229
Capital outlay	30	58	27	31
Total	1,605	1,790	1,228	562
Planning Department:				
Salaries wages benefits	10,276	10,420	9,350	1,070
Services and supplies	2,305	4,299	2,269	2,030
Capital outlay	15	15	7	8
Total	12,596	14,734	11,626	3,108
Waste Management:				
Services and supplies	910	975	1,167	(192)
Total	910	975	1,167	(192)
Total Other Protection	17,588	20,003	16,275	3,728
Total Public Protection	150,665	158,435	143,703	14,732
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	1,956	2,637	2,045	592
Total	1,956	2,637	2,045	592
Total Public Ways and facilities	1,956	2,637	2,045	592
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health:				
Salaries wages benefits	16,608	16,658	15,366	1,292
Services and supplies	4,675	4,835	5,853	(1,018)
Other charges	1,610	3,003	72	2,931
Capital outlay	--	42	22	20
Expenditure transfers and reimbursement	(1,157)	(1,157)	(1,101)	(56)
Total	21,736	23,381	20,212	3,169

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Health and Sanitation - Expenditures</u> (continued)				
<u>Health</u> (continued)				
Behavioral Health:				
Salaries wages benefits	\$ 25,871	\$ 27,204	\$ 24,349	\$ 2,855
Services and supplies	25,645	26,378	23,735	2,643
Other charges	869	969	1,207	(238)
Expenditure transfers and reimbursement	(2,190)	(2,190)	(1,126)	(1,064)
Total	<u>50,195</u>	<u>52,361</u>	<u>48,165</u>	<u>4,196</u>
Total Health	<u>71,931</u>	<u>75,742</u>	<u>68,377</u>	<u>7,365</u>
Total Health and Sanitation	<u>71,931</u>	<u>75,742</u>	<u>68,377</u>	<u>7,365</u>
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	38,443	41,556	36,696	4,860
Services and supplies	15,636	17,786	13,628	4,158
Other charges	7,029	7,863	6,256	1,607
Capital outlay	107	107	92	15
Expenditure transfers and reimbursement	(67)	(67)	(63)	(4)
Total Administration	<u>61,148</u>	<u>67,245</u>	<u>56,609</u>	<u>10,636</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	68	68	68	--
Other charges	20,783	20,783	19,500	1,283
Total	<u>20,851</u>	<u>20,851</u>	<u>19,568</u>	<u>1,283</u>
Calworks Assistance:				
Other charges	12,150	12,150	11,493	657
Total	<u>12,150</u>	<u>12,150</u>	<u>11,493</u>	<u>657</u>
Total Aid Programs	<u>33,001</u>	<u>33,001</u>	<u>31,061</u>	<u>1,940</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Services and supplies	2,500	2,401	1,250	1,151
Total Medical Services	<u>2,500</u>	<u>2,401</u>	<u>1,250</u>	<u>1,151</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u> (continued)				
<u>General Relief</u>				
General Relief:				
Other charges	\$ 1,172	\$ 1,172	\$ 971	\$ 201
Total General Relief	<u>1,172</u>	<u>1,172</u>	<u>971</u>	<u>201</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	429	432	417	15
Services and supplies	39	576	109	467
Total Veterans Service	<u>468</u>	<u>1,008</u>	<u>526</u>	<u>482</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	2,001	1,965	1,877	88
Services and supplies	1,068	1,338	2,745	(1,407)
Expenditure transfers and reimbursement	(513)	(513)	(511)	(2)
Total Other Assistance	<u>2,556</u>	<u>2,790</u>	<u>4,111</u>	<u>(1,321)</u>
Total Public Assistance	<u>100,845</u>	<u>107,617</u>	<u>94,528</u>	<u>13,089</u>
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	372	372	341	31
Services and supplies	103	108	100	8
Total Agricultural Education	<u>475</u>	<u>480</u>	<u>441</u>	<u>39</u>
Total Education	<u>475</u>	<u>480</u>	<u>441</u>	<u>39</u>
Total General Fund - Expenditures (Before Contingencies)	<u>370,153</u>	<u>396,423</u>	<u>348,999</u>	<u>47,424</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2014

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 15,551	\$ 15,233	\$ --	\$ 15,233
Total	<u>15,551</u>	<u>15,233</u>	<u>--</u>	<u>15,233</u>
 Total Appropriation for Contingency	 <u>15,551</u>	 <u>15,233</u>	 <u>--</u>	 <u>15,233</u>
 Total Contingency	 <u>15,551</u>	 <u>15,233</u>	 <u>--</u>	 <u>15,233</u>
 Total General Fund Expenditures	 <u><u>\$ 385,704</u></u>	 <u><u>\$ 411,656</u></u>	 <u><u>\$ 348,999</u></u>	 <u><u>\$ 62,657</u></u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures

Uses/outflows of resources

Actual amounts (budgetary basis) from the Budget to Actual Comparison Schedule

\$ 348,999

Differences - budget to GAAP:

Expenditures by funds no longer meeting the special revenue fund classification which are presented with the General Fund for financial reporting purposes

4,412

Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

\$ 353,411

STATISTICAL SECTION

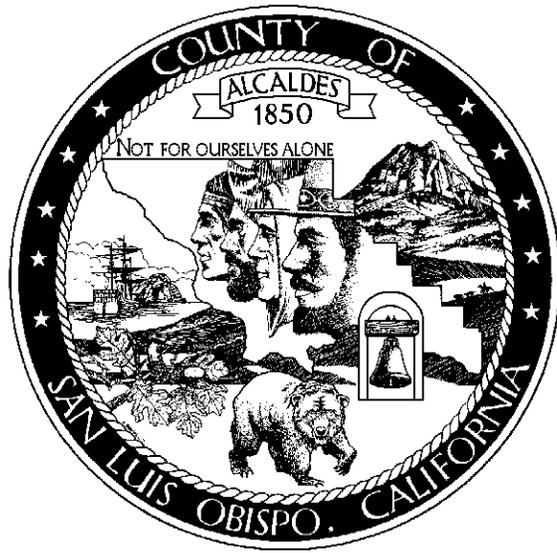


COUNTY OF SAN LUIS OBISPO

Statistical Section

This part of the County of San Luis Obispo’s comprehensive annual financial report presents detailed information as a context for understanding this year’s financial statements, note disclosures, and required supplementary information.

	<u>Page</u>
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	181
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources; property taxes and sales taxes	188
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	193
Demographic & Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status	196
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs.....	198



County of San Luis Obispo
Net Position by Component
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 981,543	\$ 996,381	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955	\$ 1,071,844	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924	\$ 1,112,934
Restricted	48,141	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109
Unrestricted	<u>130,632</u>	<u>169,766</u>	<u>190,107</u>	<u>173,396</u>	<u>192,271</u>	<u>206,786</u>	<u>234,786</u>	<u>265,454</u>	<u>304,257</u>	<u>325,113</u>
Total governmental activities net position	<u>\$ 1,160,316</u>	<u>\$ 1,206,325</u>	<u>\$ 1,252,626</u>	<u>\$ 1,273,323</u>	<u>\$ 1,297,414</u>	<u>\$ 1,315,015</u>	<u>\$ 1,356,022</u>	<u>\$ 1,396,816</u>	<u>\$ 1,437,044</u>	<u>\$ 1,481,156</u>
Business-type activities										
Net Investment in Capital Assets	\$ 114,785	\$ 122,534	\$ 146,021	\$ 155,907	\$ 167,188	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485
Unrestricted	<u>12,867</u>	<u>19,178</u>	<u>16,511</u>	<u>16,202</u>	<u>12,266</u>	<u>18,117</u>	<u>38,665</u>	<u>33,081</u>	<u>58,433</u>	<u>98,097</u>
Total business-type activities net position	<u>\$ 127,652</u>	<u>\$ 141,712</u>	<u>\$ 162,532</u>	<u>\$ 172,109</u>	<u>\$ 179,454</u>	<u>\$ 178,744</u>	<u>\$ 187,762</u>	<u>\$ 186,882</u>	<u>\$ 225,571</u>	<u>\$ 286,582</u>
Total Primary Government										
Net Investment in Capital Assets	\$ 1,096,328	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143	\$ 1,232,471	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062	\$ 1,301,419
Restricted	48,141	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109
Unrestricted	<u>143,499</u>	<u>188,944</u>	<u>206,618</u>	<u>189,598</u>	<u>204,537</u>	<u>224,903</u>	<u>273,451</u>	<u>298,535</u>	<u>362,690</u>	<u>423,210</u>
Total primary government net position	<u>\$ 1,287,968</u>	<u>\$ 1,348,037</u>	<u>\$ 1,415,158</u>	<u>\$ 1,445,432</u>	<u>\$ 1,476,868</u>	<u>\$ 1,493,759</u>	<u>\$ 1,543,784</u>	<u>\$ 1,583,698</u>	<u>\$ 1,662,615</u>	<u>\$ 1,767,738</u>

Notes:

Source - Statement of Net Assets for FY 2003-2004 through 2011-2012
Statement of Net Position beginning in 2012-2013 and ongoing

County of San Luis Obispo
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Expenses										
Governmental Activities										
General government	\$ 29,565	\$ 39,872	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866
Public protection	106,402	100,234	120,165	135,987	136,755	134,768	132,413	136,219	142,353	148,135
Public ways and facilities	23,647	32,858	22,256	24,503	24,713	24,927	27,365	27,120	28,474	28,253
Health and sanitation	52,540	53,113	55,173	66,382	66,542	68,199	66,657	65,799	69,222	74,313
Public assistance	83,209	84,451	84,045	93,472	97,803	96,645	98,841	96,435	97,929	99,449
Education	7,459	7,786	8,626	9,966	10,967	10,390	10,057	10,000	9,922	9,611
Recreation and cultural services	4,238	4,244	6,106	6,024	7,561	8,708	7,363	7,344	9,735	7,745
Interest on long term debt	4,173	7,184	5,163	5,771	5,433	6,356	6,787	6,620	6,041	5,270
Total Governmental Activities Expenses	311,233	329,742	352,353	389,076	391,432	386,554	384,827	384,768	398,183	409,642
Business-type Activities Expenses										
Airport	3,628	3,703	4,021	7,809	4,559	5,204	7,732	5,422	5,435	5,664
Golf	2,905	2,867	3,301	3,033	3,249	2,974	2,690	2,863	2,779	2,608
Hospital	2,149	-	-	-	-	-	-	-	-	-
State Water contract	5,451	5,102	4,792	5,179	5,661	5,630	6,705	6,761	5,536	5,992
Nacimiento Water contract	497	580	559	20,021	10,144	10,613	11,844	11,901	14,738	13,840
Lopez Dam	5,418	5,237	5,807	7,945	6,189	5,813	6,499	5,752	6,548	6,116
General Flood Control Zone	526	726	681	689	712	831	928	1,816	746	809
Transit	933	745	714	1,071	987	1,143	1,105	8	-	-
County Service Areas	2,692	2,907	3,465	3,419	3,434	3,744	3,877	3,836	3,779	3,857
Los Osos Wastewater	-	-	-	-	-	-	5	6,672	344	231
Total Business-type Activities Expenses	24,199	21,867	23,340	49,166	34,935	35,952	41,385	45,031	39,905	39,117
Total Primary Government Expenses	\$ 335,432	\$ 351,609	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506	\$ 426,212	\$ 429,799	\$ 438,088	\$ 448,759
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 29,911	\$ 22,293	\$ 18,743	\$ 13,299	\$ 17,729	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678
Public protection	7,642	11,776	21,061	20,380	23,285	21,072	20,843	15,679	16,352	23,035
Public ways and facilities	6,607	9,730	7,236	7,580	4,190	3,234	11,549	5,069	5,465	4,356
Health and sanitation	8,555	8,831	6,505	6,583	6,863	7,026	7,453	6,014	5,196	6,570
Public assistance	2,680	2,438	2,798	2,864	2,784	925	2,399	2,366	2,920	2,070
Education	1,853	1,460	1,759	1,891	1,922	2,304	2,037	2,545	3,583	1,723
Recreation and cultural services	1,110	1,370	1,246	2,183	3,931	3,822	3,714	3,952	4,435	4,537
Operating Grants and Contributions										
General Government	2,404	1,442	1,454	446	751	377	1,120	628	122	252
Public Protection	33,888	39,054	41,429	40,924	38,080	40,034	37,244	45,646	50,477	54,233
Public ways and facilities	9,099	11,459	8,712	8,975	10,406	10,679	9,446	11,813	15,018	14,688
Health and sanitation	37,474	39,611	44,135	46,267	49,149	57,784	48,567	44,741	55,064	57,344
Public assistance	67,559	73,863	75,391	79,190	83,175	81,525	86,479	85,505	87,912	89,640
Education	250	250	299	262	260	259	289	175	175	102
Recreation and cultural services	1,029	158	167	185	178	177	357	18	350	-
Capital Grants and Contributions										
General government	311	-	291	264	384	449	279	843	8	69
Public protection	935	208	1,799	319	82	-	-	-	-	3,315
Public ways and facilities	4,091	6,253	6,008	15,130	5,966	10,259	7,411	12,930	3,479	5,570
Health and sanitation	177	-	-	34	-	-	-	-	-	-
Public assistance	80	-	-	-	-	-	-	-	-	-
Recreation and cultural services	403	805	171	979	423	173	81	247	50	282
Total Governmental Activities	216,058	231,001	239,204	247,755	249,558	252,977	253,239	255,716	267,181	282,464

Source: Statement of Activities

(continued)

County of San Luis Obispo
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Business-type Activities										
Fees, Fines, Charges for Services										
Airport	\$ 4,206	\$ 3,864	\$ 3,919	\$ 4,585	\$ 3,734	\$ 3,541	\$ 3,888	\$ 3,719	\$ 4,053	\$ 4,493
Golf	2,719	2,895	3,016	3,058	2,879	2,653	2,590	2,690	2,639	2,779
Hospital	-	-	-	-	-	-	-	-	-	-
State Water Contract	5,506	5,098	4,458	5,309	5,767	6,513	6,453	6,609	6,185	6,358
Nacimiento Water Contract	31	5,509	6,893	3,018	284	355	7,968	13,893	13,800	13,685
Lopez Dam	4,383	4,717	5,987	6,453	5,494	6,164	6,359	6,440	6,174	6,123
General Flood Control Zone	550	562	575	600	637	661	1,870	1,252	730	861
Transit	74	57	52	55	63	-	-	-	-	-
County Service Areas	2,323	2,604	2,860	2,869	2,658	2,784	3,090	3,186	3,352	3,312
Operating Grants and Contributions										
Airport	11	279	281	820	144	182	180	372	132	127
Golf	75	-	-	-	-	-	-	5	-	-
Hospital	-	-	-	-	-	-	-	-	-	-
State Water Contract	8	8	8	8	8	8	10	10	13	13
Nacimiento Water Contract	20	23	25	28	31	31	30	28	29	12
Lopez Dam	14	-	-	-	15	15	15	15	15	8
Transit	950	1,190	-	-	-	1,172	1,097	-	-	-
General Flood Control Zone	-	-	543	624	962	-	-	-	-	-
County Service Areas	3	222	155	2	4	4	3	3	3	3
Los Osos Wastewater	-	-	-	-	-	-	-	35	1	-
Capital Grants and Contributions										
Airport	3,188	3,792	9,509	19,201	6,750	4,310	2,074	138	572	1,770
County Service Areas	-	-	-	165	275	339	288	64	294	2
Los Osos Wastewater	-	-	-	-	-	-	9,357	9,127	35,717	57,507
Total Business-type Activities Revenues	24,061	30,820	38,281	46,795	29,705	28,732	45,272	47,586	73,709	97,053
Total Primary Government Revenues	\$ 240,119	\$ 261,821	\$ 277,485	\$ 294,550	\$ 279,263	\$ 281,709	\$ 298,511	\$ 303,302	\$ 340,890	\$ 379,517
Net (Expense)/Revenues										
Governmental Activities	\$ (95,175)	\$ (98,741)	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)
Business-Type Activities	(138)	8,953	14,941	(2,371)	(5,230)	(7,220)	3,887	2,555	33,804	57,936
Total Primary Government net expense	\$ (95,313)	\$ (89,788)	\$ (98,208)	\$ (143,692)	\$ (147,104)	\$ (140,797)	\$ (127,701)	\$ (126,497)	\$ (97,198)	\$ (69,242)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 98,025	\$ 114,076	\$ 128,867	\$ 133,292	\$ 141,195	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256
Other Taxes	14,333	15,823	15,798	15,881	14,389	13,358	14,393	16,330	23,940	22,088
Interest and investment income	4,420	7,176	11,025	9,790	4,646	1,690	986	1,202	733	599
Unrestricted Grants	4,609	9,559	4,079	4,019	4,890	3,972	3,520	3,978	3,537	1,727
Other revenues	331	-	-	-	-	-	172	-	4	-
Transfers	1,494	(1,884)	(319)	(964)	845	(565)	150	8,048	(166)	(790)
Special Item	-	-	-	-	-	-	-	-	-	(2,800)
Total Governmental Activities	123,212	144,750	159,450	162,018	165,965	151,178	158,435	169,846	171,230	173,080
Business-type Activities										
Property Taxes	1,765	2,051	3,359	3,402	3,678	3,654	3,841	3,799	4,145	4,402
Other Taxes	-	-	-	-	27	28	28	28	29	32
Interest and investment income	406	1,085	1,897	7,290	6,190	1,900	965	755	385	595
Other revenues	182	86	304	292	572	363	447	31	160	40
Transfers	(1,494)	1,884	319	964	(845)	565	(150)	(8,048)	166	790
Total Business-type Activities	859	5,106	5,879	11,948	9,622	6,510	5,131	(3,435)	4,885	5,859
Total Primary Government	\$ 124,071	\$ 149,856	\$ 165,329	\$ 173,966	\$ 175,587	\$ 157,688	\$ 163,566	\$ 166,411	\$ 176,115	\$ 178,939
Change in Net Position										
Governmental Activities	\$ 28,037	\$ 46,009	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902
Business-Type Activities	721	14,059	20,820	9,577	4,392	(710)	9,018	(880)	38,689	63,795
Total Primary Government	\$ 28,758	\$ 60,068	\$ 67,121	\$ 30,274	\$ 28,483	\$ 16,891	\$ 35,865	\$ 39,914	\$ 78,917	\$ 109,697

County of San Luis Obispo
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 18,255	\$ 17,665	\$ 29,841	\$ 31,853	\$ 40,561	\$ 49,543
Unreserved	76,200	86,924	74,727	64,886	63,626	66,559
Total General Fund	<u>\$ 94,455</u>	<u>\$ 104,589</u>	<u>\$ 104,568</u>	<u>\$ 96,739</u>	<u>\$ 104,187</u>	<u>\$ 116,102</u>
All Other Governmental Funds						
Reserved	\$ 41,727	\$ 9,039	\$ 30,278	\$ 50,422	\$ 42,697	\$ 39,243
Unreserved, reported in:						
Special Revenue Funds	42,828	80,293	70,630	60,384	51,703	55,513
Capital Project Funds	19,877	27,245	31,638	21,233	23,248	20,859
Debt Service Funds	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 104,432</u>	<u>\$ 116,577</u>	<u>\$ 132,546</u>	<u>\$ 132,039</u>	<u>\$ 117,648</u>	<u>\$ 115,615</u>

	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092	\$ 779
Restricted	7,113	6,682	4,005	3,214
Committed	62,380	68,880	96,365	116,940
Assigned	-	-	104,237	118,248
Unassigned	87,741	102,291	-	-
Total General Fund	<u>\$ 160,567</u>	<u>\$ 181,029</u>	<u>\$ 207,699</u>	<u>\$ 239,181</u>
All Other Governmental Funds				
Nonspendable	\$ 352	\$ 390	\$ 596	\$ -
Restricted	22,065	19,788	18,311	20,164
Committed	55,446	61,144	65,903	74,240
Assigned	94	-	-	-
Unassigned	-	-	-	-
Total all other Governmental Funds	<u>\$ 77,957</u>	<u>\$ 81,322</u>	<u>\$ 84,810</u>	<u>\$ 94,404</u>

Note: In 2011, the County began implementation of GASB Statement 54, which changed the classifications of the fund balance. Fund balance information in years prior to 2011 is presented according to the previous guidelines.

Source: Balance Sheet - Governmental Funds

County of San Luis Obispo
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 112,565	\$ 128,586	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765
Licenses, permits, and franchises	13,637	10,744	9,404	9,117	8,006	6,906	7,413	7,863	9,247	10,694
Fines, forfeits, and penalties	6,105	3,544	6,262	6,224	6,973	6,078	7,993	6,750	6,654	5,257
Revenues from use of money and property	4,063	6,637	9,789	8,452	4,122	1,644	1,242	2,273	1,475	1,373
Aid from governmental agencies	160,452	182,750	184,142	196,994	188,794	199,771	194,625	206,372	209,234	229,283
Charges for current services	54,769	55,547	55,083	50,592	54,208	47,065	56,486	45,538	41,690	50,071
Other revenues	4,712	7,146	6,750	3,122	6,856	5,358	6,531	8,451	11,342	6,235
Total revenues	356,303	394,954	413,364	419,097	423,114	420,732	429,709	438,167	451,413	480,678
Expenditures										
Current:										
General government	49,074	53,691	55,375	51,733	51,461	45,162	50,321	45,850	44,374	44,317
Public protection	107,355	116,791	126,043	134,058	140,746	136,857	135,636	138,579	143,832	148,155
Public ways and facilities	24,096	25,749	38,981	44,814	42,139	31,093	37,261	40,338	34,178	28,528
Health and sanitation	52,894	55,464	57,590	66,180	67,267	68,442	68,472	67,830	70,021	74,586
Public assistance	82,673	87,020	87,182	92,682	98,170	96,248	100,202	97,185	98,059	99,442
Education	7,802	7,891	8,755	9,698	11,016	13,020	10,191	9,973	9,901	12,205
Recreational and cultural services	5,092	4,159	8,005	9,911	8,654	8,313	7,187	6,998	7,538	7,993
Debt service:										
Principal payments	1,895	4,970	6,560	2,601	3,264	3,790	4,595	4,435	4,065	5,412
Interest and fiscal charges	6,226	5,774	6,401	5,593	5,181	5,954	6,464	6,289	5,863	5,419
Debt issuance costs	-	-	-	-	-	550	-	-	269	-
Capital outlay	18,673	9,551	10,241	13,333	2,849	1,965	3,399	5,540	3,692	11,312
Total expenditures	355,780	371,060	405,133	430,603	430,747	411,394	423,728	423,017	421,792	437,369
Excess (deficiency) of revenues over expenditures	523	23,894	8,231	(11,506)	(7,633)	9,338	5,981	15,150	29,621	43,309

continued

County of San Luis Obispo
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources										
Refunding certificates of participation issued	-	-	-	-	-	-	-	-	14,427	-
Premium on refunding certificates of participation issued	-	-	-	-	-	-	-	-	1,418	-
Proceeds of long term debt	-	-	5,090	7,325	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	42,565	-	-	-	-
Payment to refunded escrow agent	-	-	-	-	-	(42,000)	-	-	(16,400)	-
Discount on certificates of participation issued	-	-	-	(119)	-	-	-	-	-	-
Transfers in	19,792	31,910	42,996	42,324	43,523	33,044	34,421	35,815	48,113	26,502
Transfers out	(19,093)	(33,525)	(42,817)	(42,751)	(42,833)	(33,065)	(33,595)	(27,138)	(47,021)	(25,935)
Total other financing sources and uses	<u>699</u>	<u>(1,615)</u>	<u>5,269</u>	<u>6,779</u>	<u>690</u>	<u>544</u>	<u>826</u>	<u>8,677</u>	<u>537</u>	<u>567</u>
Special Item	-	-	-	-	-	-	-	-	-	(2,800)
Net change in fund balances	<u>\$ 1,222</u>	<u>\$ 22,279</u>	<u>\$ 13,500</u>	<u>\$ (4,727)</u>	<u>\$ (6,943)</u>	<u>\$ 9,882</u>	<u>\$ 6,807</u>	<u>\$ 23,827</u>	<u>\$ 30,158</u>	<u>\$ 41,076</u>
Debt Service as a percentage of non-capital expenditures	2.55%	3.12%	3.50%	2.13%	2.13%	2.51%	2.80%	2.73%	2.48%	2.61%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

San Luis Obispo County
Estimated 30 Year Pension Liability Funding
Projection Based on January 1, 2014 Actuarial Valuation with Tier 3 (AB 340)
7.25% Investment Rate of Return Assumption
3.75% Payroll Growth Assumption

Valuation as of January 1,	Input Market Return for Past Fiscal Year	Market Return for Past Fiscal Year	Total Contribution Rate	Compensation at Valuation	Total Contribution	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL	Funded Ratio	Total Normal Cost Rate	Market Value of Assets (MVA)	Funded Ratio Using MVA
2014	7.25%	13.07%	34.23%	\$ 165	\$ 56.4	\$ 1,519	\$ 1,183	\$ 336	77.9%	22.52%	\$ 1,136	74.8%
2015	7.25%	7.25%	34.23%	170	58.0	1,596	1,239	357	77.6%	21.82%	1,205	75.5%
2016	7.25%	7.25%	34.59%	175	60.5	1,674	1,287	387	76.9%	21.22%	1,275	76.2%
2017	7.25%	7.25%	34.60%	181	62.5	1,752	1,346	406	76.8%	20.65%	1,347	76.9%
2018	7.25%	7.25%	34.87%	186	65.0	1,829	1,399	430	76.5%	20.10%	1,421	77.7%
2019	7.25%	7.25%	34.85%	192	67.0	1,905	1,462	443	76.7%	19.60%	1,495	78.5%
2020	7.25%	7.25%	34.52%	199	68.5	1,980	1,534	446	77.5%	19.15%	1,570	79.3%
2021	7.25%	7.25%	34.19%	205	70.1	2,054	1,608	446	78.3%	18.75%	1,645	80.1%
2022	7.25%	7.25%	33.85%	212	71.8	2,127	1,682	445	79.1%	18.37%	1,720	80.9%
2023	7.25%	7.25%	33.53%	219	73.5	2,197	1,756	441	79.9%	18.02%	1,794	81.7%
2024	7.25%	7.25%	33.25%	227	75.3	2,266	1,830	436	80.8%	17.72%	1,868	82.4%
2025	7.25%	7.25%	32.98%	234	77.3	2,333	1,903	430	81.6%	17.45%	1,942	83.2%
2026	7.25%	7.25%	32.74%	243	79.4	2,399	1,977	422	82.4%	17.21%	2,016	84.0%
2027	7.25%	7.25%	32.51%	251	81.6	2,463	2,052	411	83.3%	16.99%	2,090	84.9%
2028	7.25%	7.25%	32.32%	260	84.0	2,525	2,126	399	84.2%	16.80%	2,165	85.7%
2029	7.25%	7.25%	32.13%	269	86.5	2,586	2,201	385	85.1%	16.62%	2,240	86.6%
2030	7.25%	7.25%	31.96%	279	89.1	2,645	2,278	367	86.1%	16.47%	2,317	87.6%
2031	7.25%	7.25%	31.80%	289	91.8	2,704	2,356	348	87.1%	16.32%	2,395	88.6%
2032	7.25%	7.25%	31.66%	299	94.7	2,761	2,436	325	88.2%	16.20%	2,475	89.6%
2033	7.25%	7.25%	31.53%	310	97.7	2,817	2,518	299	89.4%	16.09%	2,557	90.8%
2034	7.25%	7.25%	31.40%	321	100.9	2,873	2,604	269	90.6%	15.98%	2,643	92.0%
2035	7.25%	7.25%	31.29%	333	104.2	2,929	2,693	236	91.9%	15.89%	2,732	93.3%
2036	7.25%	7.25%	31.19%	345	107.6	2,985	2,786	199	93.3%	15.81%	2,825	94.6%
2037	7.25%	7.25%	31.09%	358	111.3	3,041	2,884	157	94.8%	15.74%	2,923	96.1%
2038	7.25%	7.25%	30.99%	371	115.0	3,098	2,988	110	96.4%	15.68%	3,026	97.7%
2039	7.25%	7.25%	30.89%	385	118.8	3,156	3,098	58	98.2%	15.62%	3,136	99.4%
2040	7.25%	7.25%	15.56%	399	62.1	3,215	3,215	-	100.0%	15.58%	3,254	101.2%
2041	7.25%	7.25%	15.25%	414	63.1	3,276	3,278	(2)	100.1%	15.53%	3,316	101.2%
2042	7.25%	7.25%	15.24%	429	65.4	3,340	3,341	(1)	100.0%	15.50%	3,380	101.2%
2043	7.25%	7.25%	15.24%	445	67.9	3,407	3,408	(1)	100.0%	15.47%	3,446	101.1%
2044	7.25%	7.25%	15.24%	462	70.4	3,477	3,478	(1)	100.0%	15.44%	3,516	101.1%

Discussion: This projection is prepared by the SLO County Pension Trust's actuary and is a supplement to the annual Actuarial Valuation Report. It's purpose is to project progress towards fully funding the Actuarial Accrued Liability of the San Luis Obispo County Employees Retirement Plan. Current policy of the Plan Sponsor is to fund the Retirement Plan such that the Unfunded AAL reaches \$0 over the 30 years ending in 2040.

Notes: Projections subject to change annually. Funding policy of the Plan Sponsor subject to change. Projection assumes no actuarial gains and losses, other than from assets. Projection based on constant population.

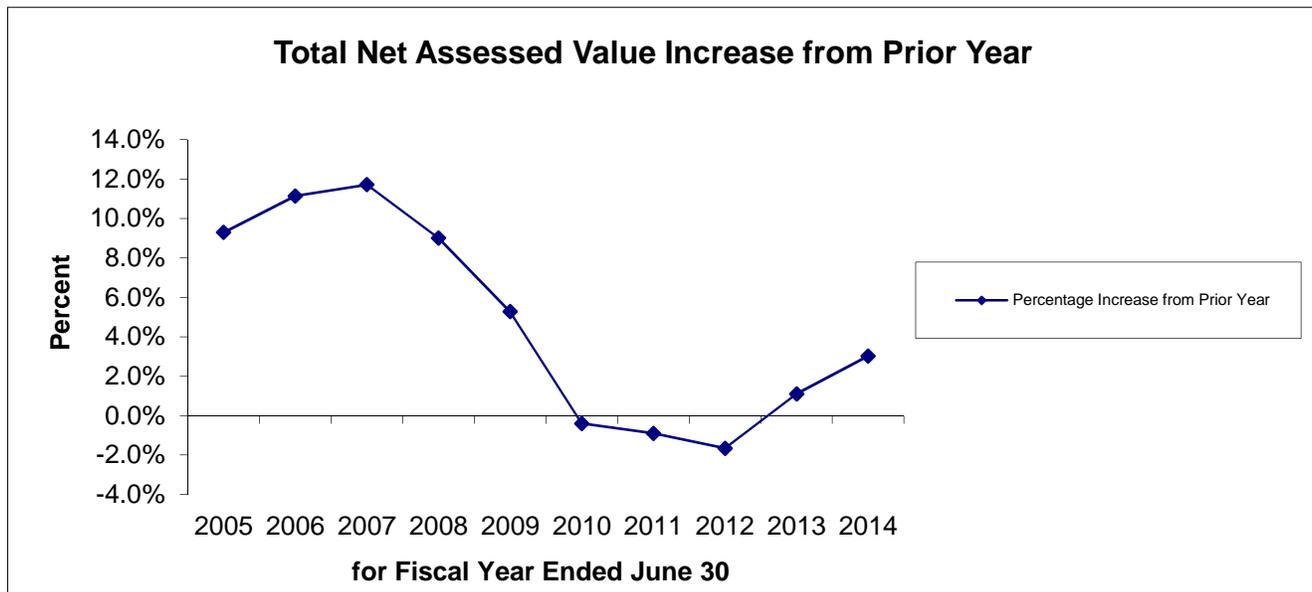
Tier 3 changes include No DROP, 2% COLA, pay limited to Social Security Taxable Wage Base (\$117,000 for 2014), 3 year Final Average Compensation for members hired on or after January 1, 2013.
All dollar amounts in millions.

Source: Gabriel Roeder Smith & Company
Supplementary exhibit to the 2014 SLO County Pension Trust Actuarial Valuation Report
For the Year Beginning January 1, 2014

County of San Luis Obispo
Assessed Valuation*
Last Ten Fiscal Years (in thousands)
(UNAUDITED)

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Increase from Prior Year	Tax Rate
2005	29,677,821	836,182	(627,898)	29,886,105	9.3%	1.0023
2006	32,984,334	933,185	(701,193)	33,216,326	11.1%	1.0022
2007	36,890,449	1,000,873	(781,070)	37,110,252	11.7%	1.0021
2008	40,252,987	1,035,443	(835,356)	40,453,074	9.0%	1.0020
2009	42,348,044	1,132,435	(891,949)	42,588,530	5.3%	1.0020
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	1.0020
2011	41,846,720	1,118,384	(927,194)	42,037,910	-0.9%	1.0029
2012	41,223,923	1,081,597	(965,089)	41,340,431	-1.7%	1.0030
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040
2014	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0%	1.0040

Source: County Property Tax Information Booklet



*Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all county properties. Proposition 13 fixed the base for valuation of real property at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect: (1) annual inflation up to two percent; (2) current market value at time of ownership change; and (3) market value for new construction. As a result, similar properties can have substantially different assessed values based on the date of purchase.

County of San Luis Obispo
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$100 of assessed values)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00223	0.00222	0.00221	0.00220	0.00220	0.00220	0.00290	0.00300	0.00400	0.00400
Total Direct Rate	1.00223	1.00222	1.00221	1.00220	1.00220	1.00220	1.00290	1.00300	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0593	0.0423	0.0392	0.0422	0.0464	0.0464	0.0470	0.0477	0.0576	0.0580
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0442	0.0452	0.0452
Grover Beach	0.0463	0.0313	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499
Morro Bay	0.0081	0.0231	0.0231	0.0492	0.0492	0.0492	0.0499	0.0501	0.0510	0.0510
Paso Robles	0.1775	0.1082	0.0952	0.0997	0.0948	0.0988	0.0389	0.0816	0.0815	0.0815
Pismo Beach	0.0463	0.0335	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499
San Luis Obispo	-	-	-	-	-	-	-	-	-	-

Note: Rates shown represent the most common rates encountered for the tax rate areas within these cities.

Source: County Property Tax Information Booklet

**County of San Luis Obispo
Principal Property Taxpayers
Current Year and Ten Years Ago
(in Thousands)
(UNAUDITED)**

Taxpayer	Industry	Fiscal Year 2014			Fiscal Year 2005		
		Assessed Value	Rank	Percentage of Total County Assessed	Assessed Value	Rank	Percentage of Total County Assessed
Pacific Gas & Electric Co.	Utility	\$ 2,565,300	1	5.96%	\$ 2,168,919	1	7.28%
Beringer Wine Estates Company	Winery	95,337	2	0.22%	65,500	5	0.22%
Plains Exploation & Production	Petroleum & Gas	82,999	3	0.19%	-	-	-
Mustang UCAL LLC	Apartments	78,423	4	0.18%	-	-	-
Pacific Bell Telephone Co	Telephone	72,603	5	0.17%	72,519	4	0.24%
E&J Gallo Winery	Winery	63,115	6	0.15%	-	-	-
Martin Hotel Mgmt Co LLC	Hotel	61,484	7	0.14%	-	-	-
Southern California Gas Co	Utility	60,148	8	0.14%	48,983	7	0.16%
Pasquini Charles Jr Tre Etal	Private	56,778	9	0.13%	-	-	-
Twin Cities Comm Hospital Inc	Hospital	54,445	10	0.13%	-	-	-
TOSCO Corp	Petroleum & Gas	-	-	-	174,001	2	0.58%
Duke Energy Morro Bay, LLC	Utility	-	-	-	130,715	3	0.44%
UHS-Corona Inc. A DE Corp	Health Care	-	-	-	55,470	6	0.19%
Sierra Vista Hospital Inc	Hospital	-	-	-	45,941	8	0.15%
Charter Communications	Communications	-	-	-	40,246	9	0.14%
ESJ Centers LLC ETAL	Real Estate	-	-	-	32,432	10	0.11%
Total		<u>\$ 3,190,632</u>		<u>7.41%</u>	<u>\$ 2,834,726</u>		<u>9.51%</u>

Total County Assessed Value \$ 43,059,945

\$ 29,886,105

Source: County Property Tax System

**County of San Luis Obispo
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)**

Fiscal Year	Total Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
		Collected Amount	% of Original Levy			
2005	290,692	286,937	98.71%	N/A	3,755	1.29%
2006	324,547	319,214	98.36%	N/A	5,333	1.64%
2007	362,429	354,117	97.71%	N/A	8,312	2.29%
2008	394,779	380,943	96.50%	N/A	13,836	3.50%
2009	416,262	400,120	96.12%	N/A	16,142	3.88%
2010	412,698	398,951	96.67%	N/A	13,747	3.33%
2011	408,623	397,830	97.36%	N/A	10,793	2.64%
2012	403,472	396,238	98.21%	N/A	7,234	1.79%
2013	405,225	399,807	98.66%	N/A	5,418	1.34%
2014	421,140	416,450	98.89%	N/A	4,690	1.11%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

*Collections in Subsequent Years are not available from the County's current property tax system

County of San Luis Obispo
Special Assessment Billings and Collections
(in thousands)
(UNAUDITED)

Year ended June 30,	Special Assessment Billings (a)	Special Assessment Collected (a)
2011	-	\$ 3,127 * √
2012	3,664	3,786 *
2013	3,494	3,545 *
2014	3,497	3,630

Note:

The billings and collections shown are for those Special Assessment Bonds for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts. 2011 was the first year of special assessment billings and collections.

Source:

a. County Property Tax System

* Amounts restated

√ In 2011 the special assessment collected source is Public Works by County Enterprise System

County of San Luis Obispo
Ratios of Total Debt Outstanding
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Certificates of Participation	\$25,323	\$23,107	\$27,125	\$33,319	\$31,920	\$30,420	\$28,820	\$27,895	\$25,662	\$24,640
Less deferred amounts:										
For issuance discounts:	-	-	-	(119)	(115)	(111)	(107)	(103)	(99)	(95)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	1,329	1,240
Pension Obligation Bonds	137,194	135,199	130,504	129,034	127,169	125,444	122,689	119,429	115,624	111,234
Total bonds and notes payable	<u>162,517</u>	<u>158,306</u>	<u>157,629</u>	<u>162,234</u>	<u>158,974</u>	<u>155,753</u>	<u>151,402</u>	<u>147,221</u>	<u>142,516</u>	<u>137,019</u>
Business Type										
Certificates of Participation	22,577	22,069	21,535	20,985	20,848	20,657	19,897	19,060	17,920	18,257
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	492	459
Pension Obligation Bonds										
State Note	3,077	15,126	26,144	31,824	32,283	32,418	31,024	35,884	34,399	46,529
Revenue Bonds	66	61	56	196,461	196,456	196,450	196,444	193,483	190,389	187,170
Add deferred amounts:										
For issuance premiums:	-	-	-	6,371	6,371	6,371	6,371	6,158	5,945	5,732
General Obligation Bonds	12,510	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890	9,530
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	1,128	1,072	1,015	959
Bond Anticipation Notes	-	-	-	-	-	-	8,677	-	-	-
Assessment Bonds	-	-	-	-	-	-	-	15,364	39,527	76,438
Total bonds and notes payable	<u>38,230</u>	<u>49,516</u>	<u>59,735</u>	<u>267,371</u>	<u>267,408</u>	<u>267,051</u>	<u>274,301</u>	<u>281,266</u>	<u>299,577</u>	<u>345,074</u>
Total Outstanding Debt	<u>\$200,747</u>	<u>\$207,822</u>	<u>\$217,364</u>	<u>\$429,605</u>	<u>\$426,382</u>	<u>\$422,804</u>	<u>\$425,703</u>	<u>\$428,487</u>	<u>\$442,093</u>	<u>\$482,093</u>
Percentage of Personal Income	2.40%	N/A								
Percentage of Assessed Value of Taxable Property*	0.67%	0.63%	0.59%	1.06%	1.00%	1.00%	1.01%	1.04%	1.06%	1.12%
Net outstanding debt Per Capita	\$ 769.95	\$ 789.47	\$ 820.55	\$ 1,595.05	\$ 1,576.69	\$ 1,547.42	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08

Note:

1. See the Demographic Statistics Schedule for detail information on personal income and population.
2. Source - Notes to the Financial Statements, Note 10

* Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all county properties; therefore, the ratio of net outstanding debt to the estimated actual value of taxable property is unable to be determined; however, the ratio of net outstanding debt to the assessed value of taxable property is determinable and presented in the table.

County of San Luis Obispo
Ratios of General Obligation Debt Outstanding
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Certificates of Participation	\$20,655	\$20,110	\$19,545	\$18,965	\$18,361	\$17,730	\$17,075	\$16,400	\$14,427	\$13,675
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	-	-	(99)	(95)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	1,330	1,240
General Obligation Bonds	12,510	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890	9,530
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	1,128	1,072	1,015	959
Assessment Bonds	-	-	-	-	-	-	-	15,364	39,527	76,438
Less resources restricted for principal repayment	(6,888)	(10,018)	(13,505)	(15,297)	(10,929)	(10,665)	(9,752)	(9,666)	(9,640)	(10,691)
Net Total General Obligation Debt	\$ 26,277	\$ 22,352	\$ 18,040	\$ 15,398	\$ 18,882	\$ 18,220	\$ 19,211	\$ 33,415	\$ 56,450	\$ 91,056
Percentage of Personal Income	0.30%	N/A								
Percentage of Assessed Value of Taxable Property*	0.09%	0.07%	0.05%	0.04%	0.04%	0.04%	0.05%	0.08%	0.14%	0.21%
Net outstanding debt Per Capita	\$100.78	\$84.91	\$ 68.10	\$ 57.17	\$ 69.82	\$ 66.68	\$ 70.90	\$ 123.08	\$ 207.40	\$ 334.33

Note:

1. See the Demographic Statistics Schedule for detail information on personal income and population.
2. Source - Notes to the Financial Statements, Note 10

* Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all county properties; therefore, the ratio of net outstanding debt to the estimated actual value of taxable property is unable to be determined; however, the ratio of net outstanding debt to the assessed value of taxable property is determinable and presented in the table.

**County of San Luis Obispo
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value of Property (a) (b)	\$ 29,886,105	\$ 33,216,326	\$ 37,110,252	\$ 40,453,074	\$ 42,588,529	\$ 42,419,637	\$ 42,037,909	\$ 41,340,430	\$ 41,796,283	\$ 43,059,945
Debt Limit, 1.25% of Assessed Value	373,576	415,204	463,878	505,663	532,357	530,245	525,474	516,755	522,454	538,249
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (c)	12,510	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	12,510	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489
Legal Debt Margin	\$ 361,066	\$ 402,944	\$ 451,878	\$ 493,933	\$ 520,907	\$ 519,090	\$ 513,586	\$ 505,438	\$ 511,549	\$ 527,760
Total Debt Applicable as a Percentage of the Debt Limit	3.35%	2.95%	2.59%	2.32%	2.15%	2.10%	2.26%	2.19%	2.09%	1.95%

Source:

- (a) Property Assessed Value BOE report (years 2000-2008)
- (b) Countywide Assessed Values & Exemptions 2009 and ongoing years
- (c) Footnote 10 Bonded Indebtedness and Long-Term Debt

Assessed value calculation (in thousands)

Locally Assessed-Secured	
San Luis Obispo Countywide	\$40,097,982
Pipeline Right-of-Way (Unitary)	6,144
Aircraft	69,220
Total Local Assessed	40,173,346
State Assessed	
Local Utility	34,364
Unitary	2,852,234
Total State Assessed	2,886,599
Combined Assessed Values	
Sub-Total Combined Assessed Values	42,990,725
Aircraft	69,220
Total Combined Assessed Values	<u>\$43,059,945</u>

County of San Luis Obispo
Demographic and Economic Statistics
Last Ten Fiscal Years
(UNAUDITED)

Calendar Year	Population (1,a,f)	Personal Income	Per Capita Income (2,a,d)	Median Age (4,c)	School Enrollment (3,b,e)	Unemployment
		(in thousands) (2,a,d)				Rate (2,a)
2005	260,727	8,727,001*	33,855*	39.40	45,268	4.2
2006	263,242	9,488,605	36,544	39.20	44,537	4.1
2007	264,900	9,977,057	38,144	37.30	44,610	4.6
2008	269,337	10,709,753	40,204	37.30	44,441	5.7
2009	270,429	10,237,494	38,179	39.30	44,874	9.0
2010	273,231	10,532,649	38,994	39.40	44,351	10.0
2011	270,966	10,966,438	40,322	40.30	44,104	9.9
2012	271,483	12,008,355	43,698	39.20	43,022	8.5
2013	272,177	N/A	N/A	N/A	42,600	6.4
2014	272,357	N/A	N/A	N/A	42,911	5.3

Sources:

1. State Department of Finance
2. Employment Development Department, Research Division, Los Angeles
3. San Luis Obispo County Schools & Cuesta College
4. U.S. Census Bureau

Notes:

N/A = not available

* = restated

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2004 -2010 figures are projections based on the 2000 census
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year.
- f. Calendar year 2011-2013 figures are projections based on the 2010 census

County of San Luis Obispo
Full Time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(UNAUDITED)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	480.25	479.75	482.00	495.50	485.25	451.00	442.75	437.50	438.25	430.75
Public Protection	850.50	856.00	885.25	891.75	879.50	799.75	783.25	808.25	812.00	817.25
Public Ways and Facilities	184.00	185.00	185.25	191.25	199.25	202.25	194.25	193.75	193.75	188.75
Health and Sanitation	419.25	413.25	394.50	423.75	421.00	424.75	424.00	430.50	445.25	464.00
Public Assistance	439.00	438.75	443.75	453.25	437.25	426.75	424.75	425.75	428.00	478.00
Education	73.00	74.00	84.00	87.50	87.50	78.50	78.50	77.50	75.50	75.50
Recreation and Cultural Services	56.50	55.00	59.00	58.00	58.00	56.00	56.00	52.00	55.00	55.00
Total	2,502.50	2,501.75	2,533.75	2,601.00	2,567.75	2,439.00	2,403.50	2,425.25	2,447.75	2,509.25

Source: County Budget Report

Notes:

Position allocation figures are calculated at the time of budget preparation for the following year.
 Figures include limited-term but do not include part-time or contract positions.

**County of San Luis Obispo
Operating Indicators by Function
Last Ten Fiscal Years
(UNAUDITED)**

Function / Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	53,906	62,951	66,899	65,895	47,156	47,011	51,519	57,135	56,601	42,821
<i>Annual Passes</i>	1,436	1,496	1,416	1,598	3,547	2,220	1,992	2,357	2,406	2,998
<i>Daily Boat Launches</i>	21,085	22,481	19,737	14,085	16,864	15,802	15,602	16,133	14,809	17,444
<i>Annual Boat Passes</i>	795	804	793	847	752	627	618	633	551	460
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,747	3,548	2,897	2,634	2,261	2,067	2,073	2,086	2,070	2,622
<i>Number of New Affordable Housing</i>	267	184	63	218	105	82	80	39	44	13
Sheriff										
<i>Jail bookings (a)</i>	14,240	14,927	18,718	18,321	14,158	13,025	12,682	12,966	13,273	12,583
<i>Average daily population (a)</i>	506	534	553	567	540	551	558	679	717	780
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	986	522	447	603	365	364	n/a	n/a	n/a	n/a
<i>Day Treatment Days provided to youth in out-of-county group home facilities</i>	n/a	n/a	n/a	2,067	2,692	2,212	2,937	1588*	1,885	1,764
Public Health										
<i>Number of Children enrolled in the Healthy Families Program</i>	4,331	4,436	4,752	5,098	5,450	5,709	n/a	n/a	n/a	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children(WIC) Program</i>	n/a	n/a	n/a	100	98	97	100	99	99	95
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	n/a	n/a	82.7	76.0	78.0	78.0	78.5	81.7	80.0	79.0
Public Assistance										
Social Services										
<i>Rate per 1,000 children entering out-of-home care for the first time (State Rate is 2.8)</i>	2.9	3.8	2.9	n/a						
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	n/a	n/a	77.1	69.8	88.7	94.1	96.8	97.6*	98.*	95.0
Education										
Library										
<i>Annual number of items circulated per capita</i>	5.8	6.0	7.0	7.5	9.2	9.4	10.0	10.1	n/a	n/a
<i>Annual Expenditure per capita for total Library budget</i>	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	58	70	69	65	62	65	60	58	60	61
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	101,849	n/a	92,096	96,172	95,419	88,161	80,556	80,158	71,428	66,696
<i>Passenger Enplanements</i>	173,370	182,177	177,176	182,285	132,748	125,152	139,909	134,244	132,315	147,105

Note: (a) Data collected per calendar year
Source: County Budget Performance Indicators

* Restated

**County of San Luis Obispo
Capital Asset Statistics by Function
Last Ten Fiscal Years
(UNAUDITED)**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	12,026	12,056	12,056	13,402	13,422	13,422	13,572	13,424	13,424	13,583
Public Protection										
Correction facility capacities (a)	693	693	684	693	693	693	689	637	717	797
Public Ways and Facilities										
Miles of county roads	1,317	1,321	1,321	1,334	1,336	1,329	1,332	1,333	1,335	1,336
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note:

Majority of County assets are in buildings and equipment, which are under the Functional area of General Government
(a) Amount is all holdings actual totals, including Main Jail, Women's Jail, West Housing, West Dorm, Honor Farm, and Weekender Barracks

Source: County management